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ABSTRACT

Student activity funds may create educational opportunities for students, but they frequently create problems for business administrators. The first part of this work reviews the types of organizational issues and transactions an organized student group is likely to encounter, including establishing a constitution, participant roles, responsibilities, policies, procedures, auditing, and self-assessment. Explanations of relevant procedures are provided that ensure adequate control of transactions, and sample forms and process flows are included. Key control points and general accounting principles are identified, and a self-assessment tool is included. Issues addressed in one section include cash and cash handling, sales, revenues, receivables, fundraising, cost recovery, and sales-tax collection. Another section reviews expenditures, purchases, and accounts payables, and includes such issues as using purchase orders, bidding, reimbursements, debit cards, and payroll. One section reviews inventory procedures and tracking equipment and fixed assets. A final section details the steps in effective financial statement preparation and reporting, including forming an accounting framework, reporting financial results, auditing, and self-assessment tools. The second part of this work combines all transactions and creates a comprehensive internal audit for use by a school administrator or other staff member. Arranged in a collection of checklists, this section covers objectives, preliminary work, controls, cash handling, revenues, receipts, expenditures, disbursements, inventories, equipment, and financial statements. The third section provides blank forms, including a worksheet for meeting minutes, funds requests, receipts, bank reconciliation, parental permission to participate, inventory reconciliation, profit and loss statements, petty cash vouchers and reimbursements, depreciation schedule, budget requests, and financial reports. (TEJ)

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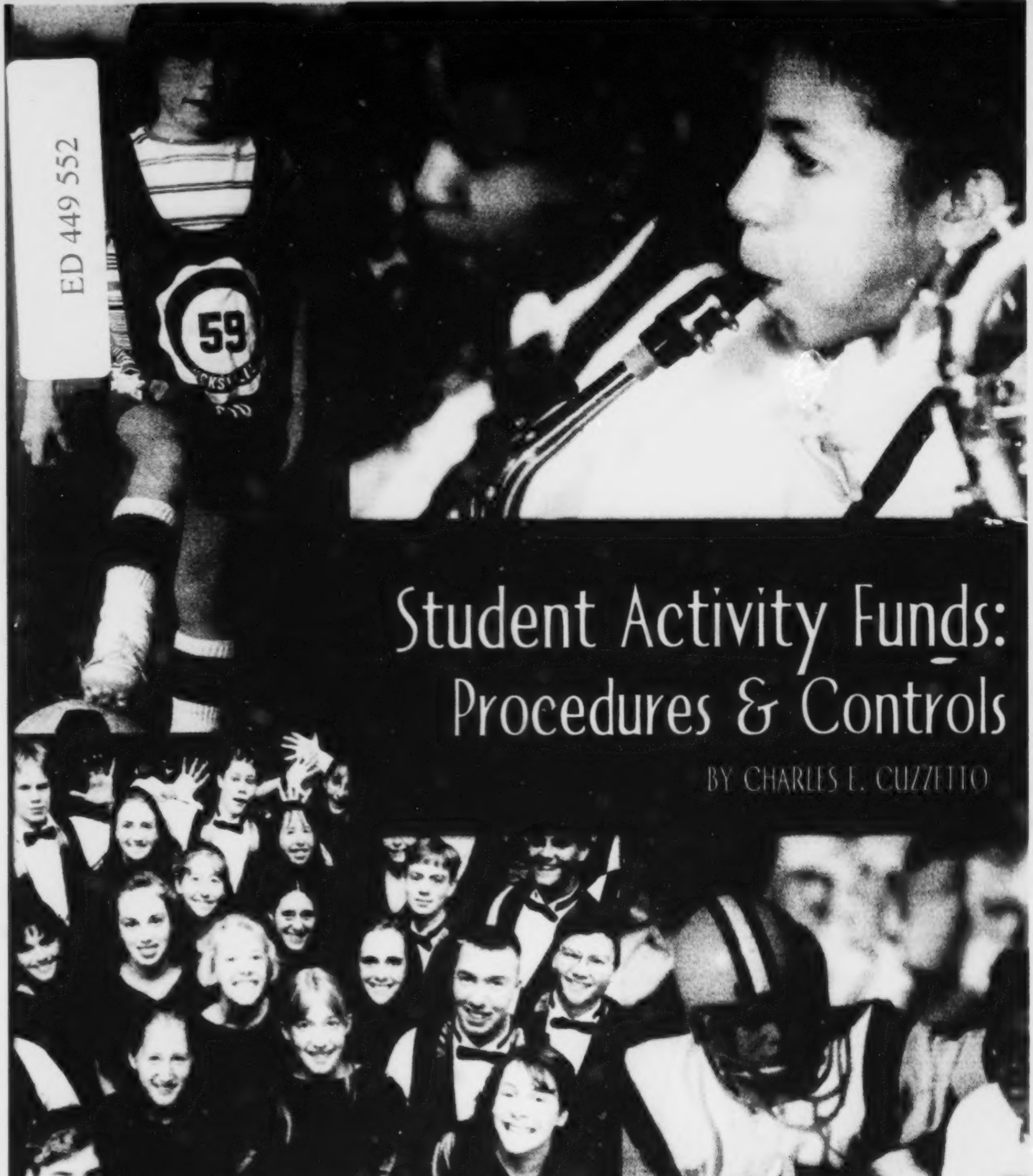

Student Activity Funds: Procedures & Controls

BY CHARLES E. CUZZETTO

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Student Activity Funds: Procedures & Controls

BY CHARLES E. CUZZETTO

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Charles Cuzzetto is the Director of Audit for the Tacoma Public Schools. He has a BA in Accounting from the University of Washington and an MBA from City University. He serves on the Meritorious Budget Awards Committee and the Accounting, Auditing and Budgeting Committees for the Association of School Business Officials International. He is past president for the Puget Sound Chapter of the Institute of Internal Auditors, serves on the Institute's Internal Committee on Quality, and is Vice Chairman of Ranier Pacific, A Community Credit Union's Board of Directors. He has had several articles published and is an author of *Internal Auditing in School Districts*. Cuzzetto is an adjunct professor with local universities, and was a past recipient of City University's Distinguished Alumnus of the Year, and received the gold medal for highest achievement on the internal audit certification exam. In addition to his CPA, Cuzzetto is a certified internal auditor, certified management accountant, certified fraud examiner and certified government financial manager.

Student Activity Funds:
Procedures and Controls
by Charles E. Cuzzetto

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Part I: Introduction

Student activity funds, while creating educational opportunities and additional monies for students, often create accounting and control nightmares for school business administrators. The intent of this book is to help the school business administrator establish procedures and controls over student activity funds. The book also provides an assessment framework to be used by the students and sponsors or by administrative staff performing internal audits.

This book combines two previous books that proved indispensable to school business officials. The books, published by the Association of School Business Officials in the early 1980's were *Guidelines to Student Fund Accounting* and *Internal Audit for Student Activity Funds.* The books were prepared by committees of the Association and proved to be a starting point for this book.

There are as many unique rules to student activity funds as there are student activity funds. This book does not attempt to determine what each fund should be doing, but rather the book's intent is to help establish basic internal controls over the activities. For example, by either state or local law, not all student activity funds are allowed to conduct raffles. However, some student activity funds are allowed this type of fund raiser. The section of this book that deals with raffles assumes that they are allowed and provides guidelines for control. Local and state laws and policies should be consulted before undertaking any activities.

This book is divided into two sections. The first section reviews the types of transactions that the organized student group is likely to encounter. Explanation of procedures to ensure adequate control over these transactions is provided. Sample forms are provided and process flows are outlined for each transaction. Blank forms for photocopy and use are provided at the end of this book. The key control points are identified and a self assessment tool (to be used by students or advisors) is included. The second section of the book combines all transactions and creates a comprehensive internal audit program. The internal audit program can be used by the school business administrator or other staff outside the school to conduct an internal audit.

The key control points and the self assessment tools can also be used as training tools for new student officers or school staff that are working with student activity funds. The self assessment tools can also be used for peer reviews by the same level of school within a school system or by senior high officers helping to review controls over junior high/middle school or elementary school activity funds.

School specific requirements and state/local rules and regulations should be incorporated into the procedures, key control points, self assessments and internal audit program where applicable.

1

Student Governance

Student activity funds are generally earned by the students and used for student activities. The monies are designated for student purposes and restricted as to use by state or local rules and regulations. Each student activity fund is also covered by the rules and regulations established by its governing body.

Constitution and By-Laws

The student government is a formal organization of students, formed with the approval, and operated subject to the control of the Board of Directors and School District. Accordingly, it is expected to be formed with the use of an organizing document and with established rules, procedures and protocols. In addition to the constitution and by-laws for the organized student body, each separately formed club is often required to submit organizing documents to the formal student body.

Organizing documents should address the following items:

- name of organization (usually Associated Students of Name of School),
- where located (City, school district),
- general purpose (why formed—activities for students extra and/or co-curricular),
- how related to school system (Board authority),
- expiration of group (usually no expiration),
- general authority (what can they do),
- who are members (active, enrolled students),
- dues (if any),
- privileges of members (vote, participation, etc.),
- number of officers and how elected/appointed (spell out each position),
- name of officer group (student council),
- requirements for officers (grade point average, good standing, etc.),
- duties of Council (approve activities, budgets, approval of club by-laws, etc.),
- duties of each position (what are they responsible for),
- number and duties of advisors (appointed by Principal, responsible for…),
- compensation of Officers and Advisors (if any),
- removal of Officer (process to remove officer from office),
- meeting information (how often, where, Robert's Rules of Order, quorum, majority),

- special or emergency meetings (how called),
- minutes (set responsibility for minutes in officer duties),
- location for and access to records (detail, where),
- amendments to Bylaws (process),
- dissolution (how can group be dissolved),
- signed by all parties (organizers, Principal, School Board), and
- any other governance items.

Minutes

Adequate documentation to support actions taken by the student council should be retained and approved on a regular basis. Formal agendas, motions and minutes establish a clear record of student council activity.

Establishing Student Clubs and Classes

Once the governing body has been established, the work of the student structure begins. The council may form committees for specific purposes or groups of students may petition for recognition and activity. The groups of students share common interests or demographics. For example, a group of middle school students may want to form a chess club, or a group of ninth graders become the freshman class. Student activities, and their corresponding revenues and expenditures, are usually separated into four categories:

1. General Student Activities (impact all students - yearbooks, store, etc.).
2. Classes (class of 2006, sophomore, etc.).
3. Clubs (science club, chess club, key club, etc.).
4. Athletics and Intramurals (including revenues from "gate" and expenditures).

As each club or class is formed, the student council officially recognizes its existence and purpose. Some schools require that each group be established through formal bylaws, with elected officers, established meetings and representation to the student council. Other schools just document the purpose in the minutes.

Roles and Responsibilities

The roles and responsibility for the student council and each officer should be clearly defined in the bylaws. An example of an organizational structure is displayed. The following are responsibilities for a typical student council:

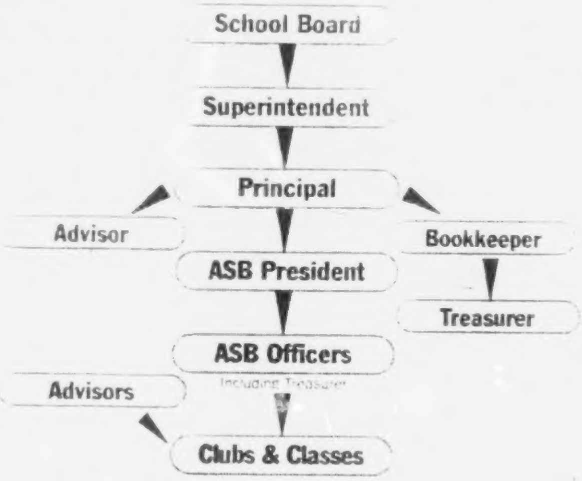
President. The duties of the President shall be to preside at meetings of the student council and the entire associated student body, to sign such instruments that may require the President's signature, and to perform the other usual duties of the office.

Vice President. The Vice President shall, in the event of the absence of the President, perform the duties of the President, and other such duties as prescribed by the student council.

Secretary. The Secretary shall cause to be kept, correct records of all meetings of the council and the student body. The Secretary shall give notice of all meetings to members as prescribed in the bylaws and shall perform all other duties incident to the office.

Treasurer. The Treasurer shall be the student custodian of the funds, books and accounts, and other valuable papers of the student body. The Treasurer shall keep, or cause to be kept, proper books of entry containing, in detail, the financial transactions of the student body. The Board of Directors of the school district may appoint bookkeepers and assistants to help meet these responsibilities (see duties for Principals and advisors).

In addition to the main core of officers, each grade level is usually represented and often each major club has input. The number can become large and difficult to manage. Again, the need for agendas, speaking and voting procedures, and minutes is evident with a larger group.



The student council's main objective is to conduct the business of the Associated Student Body. While meeting that requirement the council is accountable to the school board and school administration for legal compliance, financial stability and solvency, equity and fairness of programs within the student body, and continuity from one year to the next. Accordingly, student council procedures and policies are usually written and well distributed. The student council needs to provide clear directions for:

- forming clubs or classes,
- establishing and preparing budgets,
- requesting initial funds,
- requesting the right to hold activities (including fund raisers),
- scheduling activities to the student's best interest,
- dealing with parent/booster groups,
- requesting the expenditure of funds, and
- reporting financial status.

Council activity for each of the above issues could be as follows:

Forming clubs and classes. The use of bylaws to establish clubs or classes was previously recommended. In addition, the student council needs to ensure that the purpose of the class or club meets the objectives of the Associated Student Body and are legal. Newly established clubs could be allowed probationary approval by the council and then given permanent status upon completion of a review. The council should also give consideration to existing clubs to ensure that new clubs will not impact their existence. Conflict within a club should be dealt with at the club level rather than creating an unneeded competition between two clubs, like

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French Club versus Another French Club. The council should also clearly define financial terms for the club—are they required to raise their own funds or are they allocated funds from the general student body funds? A critical piece that councils often forget when approving the formation of clubs is how assets are handled upon dissolution. The bylaws of the club should define that the assets of the club/class upon dissolution will be returned to the student council's general funds or transferred to another club. For example, any money left from this year's graduating class may be transferred to next year's graduating class.

Establishing and preparing budgets. The student council should be heavily involved in establishing budgets. Often budget preparation begins in the spring for the following year. And very often the students that are involved in budget planning are seniors that will graduate before the next fiscal year begins. A clearly defined budget preparation and revision cycle facilitates this transition. A simplified budget process may look something like the following.

1. Clubs, classes and athletic/intramural groups are provided historical fund raising and expenditure information.
2. Each group prepares an estimate for the following year for revenues and expenditures and submits them to the council treasurer and school bookkeeper.
3. The treasurer and bookkeeper prepare a preliminary budget that combines the received data and other information about interest, donations and other activities.
4. The student council, advisors and administrators review and approve budget and forward to the school board, if required.
5. At the first meeting of the new year, the new student council, advisor and building administrator reaffirm the adopted budget.
6. The budget is monitored during the year and revised as necessary for the addition of new clubs, planned fund raisers and donations. Revisions are approved by the student council and forwarded to the school board, if necessary.

Requesting initial funds. Clubs or classes may approach the student council with a request for funds. At the time they are initially formed, clubs or classes may ask for start up funds. For example, a newly formed chess club may ask the student council to provide funds for equipment. In some cases, the clubs or classes may request start up funds until they have a chance to do a fund raiser, such as the choir needing money to buy candy for resale. In other situations, the club or class may just request funds without an intent of repaying. In all cases, the facts should be clearly documented, the transfer of funds approved, and the minutes reflect the intent.

Requesting the right to hold activities (including fund raisers). The student council has the authority to approve student activities. The council should be concerned about scheduling conflicts (see below), making sure the activity fits the purpose for the student body and the club or class, determining if the activity has a reasonable chance of success, clarifying the requirements and accountability of the activity, and notifying appropriate student and district officials (custodial, chaperones, etc.).

Scheduling activities for the student body's best interest. Another function of the student council is to make sure that activities are scheduled to ensure success. For example, authorizing two dances on one night may not be in the best interest of the student body. Also, fund raisers are less effective if they are in competition with each other. The council will want to avoid approving too many fund raisers at the same time. Many schools have success with a school-wide fund raiser benefitting all clubs and classes.

Dealing with parent/booster groups. Parent and booster clubs are integral to the success of schools and student activity programs. Student councils balance the need for parental involvement with the need for student activities. Fund raising can become competitive between the groups if not properly managed. Inviting the parent or booster group to a student council meeting allows for open dialogues, shared planning and coordinated efforts. Many schools have been successful in contracting with parent groups for joint fund raising efforts with shared profits. Some states have clearly defined rules differentiating student funds from parent or booster funds.

Requesting the expenditure of funds. The job of any legislative group, including the student council's, is to match needs with available funds. Funds are usually limited and needs exceed the amount of funds available. Clubs and classes lobby for funds and councils have the requirement of meeting the interests of the student body. Expenditures should be approved prior to commitment of funds and should follow a prescribed purchasing process. After approving the commitment of funds (purchase order) the council may choose to delegate to the treasurer the authority to pay the bills.

Reporting financial status. As part of student council meetings, time should be allocated for, and minutes should reflect, a discussion of the financial status of clubs, classes and the student body. Financial statements that give comparisons against budgets and provide profitability of fund raisers should be reviewed and approved.

School Board, Principal and Advisors' Role

Strong student councils have strong adult leadership associated with their activities. The Principal serves as the council's contact with the Board of Directors and Superintendent. The Principal acts to protect the students' assets by making sure that actions are legal and follow school board policies and regulations. The Principal reviews and approves council bylaws, minutes, activities, and financial information. The Principal also brings items to the attention of the council whenever necessary.

The advisor's role is that of assisting the council with day-to-day operations and providing a framework for decision making. Individual clubs and classes may have advisors to help them with fund raising and planning activities. In either case, the advisors' roles are not to make decisions for the council or clubs/classes, but to inform them of information, provide choices, counsel on outcomes, and implement decisions.

The school board normally has the requirement to approve student fund budgets and expenditures. They rely on the student council for input prior to approval. The school board also sets policy and administration sets procedures for the handling of funds.

Policies and Procedures

The policies and procedures for good control over student funds are discussed in the following chapters. Student councils and advisors change on an annual basis and to ensure compliance, the procedures should be well disseminated and training held regularly.

Audit Procedures

A sample internal audit program over student governance is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for student governance is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

Included at the end of this chapter are sample worksheet forms for recording minutes at student council meetings and requesting the formation of a new club. Other forms relating to student governance are included with the other chapters pertaining to sales, expenditures and financial reporting. Blank forms for photocopy and use are provided at the end of this book.

Control Self Assessment

Student Governance

Control Area	**Yes/No**	**If no, explain how controlled**
Is a formal student council created with a constitution and by-laws?		
Are minutes recorded and retained for all meetings?		
Are clubs, classes and other groups properly approved and all activities reviewed by the student council?		
Are position descriptions or other information available indicating roles and responsibilities for: - Student Council Officers? - School Advisors/Administration? - Central Office Staff? - School Board?		

Sample For

Student Council Meeting
Minutes Worksheet (Sample)
Student Governance

Date and Time of Meeting: January 10, 2001 **Location of Meeting:** Room 401

Purpose of Meeting: Regular Council Meeting

Called to Order by: President Johnson **Time:** 2:01 pm

Role Call
Present: Shandey, Johnson, Madison, Kennedy, Hoffman, James, Mr. Gleason, Ms. Toy
Absent: Jefferson

Agenda Adoption Moved by: Shandey **Seconded by:** Kennedy

Approval of Prior Minutes Moved by: Shandey **Seconded by:** Hoffman

Reports:
President discussed senior trip, valentine dance, no motions needed at this time
Treasurer (including Financial Statements) presented reports, attached, within budget
Secretary presented minutes, correspondence from 10th grade class
Other Officers No other reports this meeting

Approval of Council Reports Moved by: Shandley **Seconded by:** Madison

Club and Class Reports:
11th graders want permission for car wash to raise money for spring dance, held March 1-2, 2001; expected revenue $100, no expenses, approval form presented, motion by Kennedy, seconded Hoffman, approved.

Other Action Taken: None

Approved/Denied:
Moved/Seconded:

Other Action Taken:

Approved/Denied:
Moved/Seconded:

Adjournment Moved by: Shandey **Seconded by:** Hoffman

Time Adjourned: 2:57 pm **Prepared by:** Madison

Sample Form

Student Council
Request to Form a New Club (Sample)
Student Governance

Name of Club: Happy Trails Club

Purpose of Club: To keep track of graduating seniors and provide for homecoming and other celebrations. Will conduct fund raisers to pay for assemblies and dances.

Charter/By-Laws Attached: Yes attached **No** ________

Sponsor: Mr. George Giles

Initial Members: Ellen Ames, President
Mike Johnson, Member
Chloe Jefferson, Member

Student Council Meeting Date: April 14, 2001

Approved by: Student Council

Approved by: Mr. James, Principal

Approved by: Ms. Toy, Advisor

Approved by: Mr. Giles, Club Advisor

Approved by: Ms. Smith, Bookkeeper

Approved or Denied: Approved

Notification Sent to Club Sponsor (Date): April 17, 2001

- -

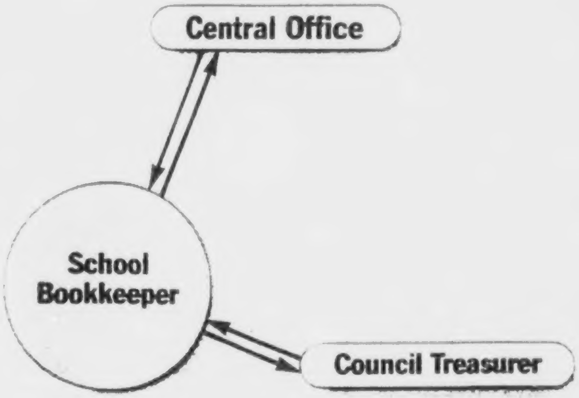
Memo - Assigned Account Number 02-00309

2

General Bookkeeping

There are three pivotal players in the overall bookkeeping functions for student council funds. Normally, the school bookkeeper, a school employee, serves as the main contact with the student council and the central office. The student treasurer is often delegated the responsibility to work with the school bookkeeper as the liaison with the council. The treasurer may or may not be assigned time during the class day as an office assistant to the bookkeeper. In any case, to ensure active student involvement in the overseeing of their funds, time must be made available for the school bookkeeper and the student treasurer to review all financial activity. The bookkeeper and the treasurer may divide duties to ensure good internal controls. For example, the treasurer may issue receipts or operate the cash register for incoming money. The bookkeeper may then prepare the deposit slips for the banks. The treasurer may post cash register information to club and classes for all receipts and the bookkeeper could match deposits to the postings.

The two can also separate the expenditure approval piece. Following the council's bylaws, the treasurer can obtain the necessary student approvals on the request for expenditure. The bookkeeper then could review the form and write the checks. The checks could be signed by the principal or the designated administrator. The treasurer could post the expenditures and the bookkeeper reconcile the bank statements. The chapters that follow discuss these activities in more detail.



The school bookkeeper also has the responsibility to coordinate with the central office finance department. Regardless of the structure of the school and central office interaction, active communication and continued training is important. Some school systems allow complete control over funds, including receipting, investing, expending, and financial reporting. Other systems limit the access to the funds to the central office (all expenditures paid by the central office).

Schools initiate or control most source documents to support revenues, expenditures, and activities. Through the use of cash registers and automated software or manual records, schools produce financial statements for clubs, classes and the entire student body. Central offices may also keep records of financial results. A key role for the school bookkeeper is to reconcile the school's records against the central office records. Other areas of cooperation include following up on missing documentation and support, requesting changes in fund levels for petty cash and bank accounts, coordinating financial reporting and budget planning to the school board, assisting in contract services like transportation, investigating not sufficient funds or returned checks, and combining funds for investments.

Transactions likely to be included in the bookkeeping cycle include receipts, disbursements and transfers. Transfers may be made within accounts (checking to savings) or to different accounts (class of 2005 to class of 2006). Like receipts and disbursements, transfers should have proper approvals and be processed timely.

Policies and Procedures

Every school should establish policies and procedures for general bookkeeping. The bookkeeping guidelines should include:

- A list of roles and responsibilities of the bookkeeper, the treasurer, and the central office.
- Details of the interface with central and school administrators and the student council.
- Time lines for reporting and reconciling duties. For example, detailed financial reports by club or class may be required quarterly, but financial overviews required every month or bank statements are reconciled every month, etc.

The policies and procedures should be clear enough so that student councils and student treasurers can quickly understand, given that they may change annually.

Internal Controls/Key Control Points

The purpose of an internal control system is to ensure compliance with applicable laws and regulations, maintenance of reliable records for financial and managerial reporting, safeguarding of assets (people, information and equipment/buildings) and promotion of effective and efficient operations. The system of internal controls should encompass the operating environment, identification and mitigation of risks, specific control activities, communication of critical information, and feedback for improvement. Within this system of internal control are key procedures and points that need to be established to meet the control objectives. Listed below are key control points for general bookkeeping.

Duties and responsibilities are defined and separated. Many schools are faced with limited resources and can not adequately separate the handling of receipts and expenditures and the preparation of financial statements. The often overlooked resources exist within the student council. Clearly defined roles in the process for the student council and the student treasurer help to separate duties. Allowing a student treasurer to verify counts or independently post and reconcile accounts ensures adequate separation and helps students understand the process. Using the central office to control general ledgers and having bookkeepers reconcile subsidiary ledgers also helps. Administrative supervision by the principal or designated administrator must be visible, especially with limited separation of responsibilities.

Written procedures exist for recording transactions and for identifying receipts and expenditures. General bookkeeping procedures should reflect roles and responsibilities for all transactions. Sources of funds should be identified and processes described. Initiation and approval of expenditures should be explained and delegation of authority, if authorized, detailed.

The accounting system provides for accumulating revenues and expenditures for comparison with budget. General bookkeeping should provide for the accumulation and reporting of all activity in enough detail to meet the needs of the users. If budgets and estimates are based on individual activities, e.g. a dance, then information should be gathered to that detail. If budgets and estimates are based on a higher level, e.g. senior class, then accounting systems should accumulate data for comparisons at that level.

Policies are established for controlling expenditures and are established for approving financial transactions and operations. Council bylaws and school procedures manuals should clearly reflect how funds are appropriated, how use of funds is authorized, and how student activities are allowed.

Financial reports are available as needed. The bookkeeper and treasurer are responsible to work with the council and central office to ensure accuracy and completeness of their reports. Financial information should be presented on a timely basis and in enough detail to allow decisions to be made.

Audit Procedures

A sample internal audit program over general bookkeeping is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for general bookkeeping is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

Included at the end of this chapter is a sample form that can be used for student councils to authorize the transfer of funds from one group to another. Other forms that pertain to general bookkeeping are included with the other chapters pertaining to sales, expenditures and financial reporting. Blank forms for photocopy and use are provided at the end of this book.

Control Self Assessment

General Bookkeeping

Control Area	Yes/No	If no, explain how controlled
Do job descriptions or lists of defined duties pertaining to bookkeeping requirements exist for: - School Bookkeeper? - Student Treasurer? - Other Student Council Members? - Administrators and Advisors? - Central Office Staff?		
Are all receipts counted by one individual and verified by another at the time of deposit?		
Are all receipts deposited and recorded on a timely basis?		
Is the function of reconciling the bank statement separate from depositing funds and writing checks?		
Are school records reconciled to central records regularly and reviewed by the administrator?		
Do written procedures exist for recording transactions and for identifying receipts and expenditures?		
Are clear lines of authority established for approval of expenditures?		
Are sources of receipts and purposes for expenditures identified?		
Does the accounting system accumulate information in a manner that allows for financial reports to provide enough detail to allow clubs, classes and student councils to make informed decisions?		
Are financial reports available as needed and accurate and complete?		

ample Form

Student Council
Request to Transfer Funds (Sample)

Requested by: Principal James

Date of Request: March 6, 2000

Reason for Transfer: Chess Club is a new club that needs start up funds. They would like $50 for equipment and expect to repay with a fund raiser in April.

Transfer From			Transfer To		
Account Title	**Account Number**	**Amount**	**Account Title**	**Account Number**	**Amount**
Student Council	01-00001	50.00	Chess Club	02-00105	50.00

Approved by: Advisor Chess Club - Baker **Date:** March 6, 2000

Approved by: Student Council **Date:** March 8, 2000

Approved by: ______ **Date:** ______

3

Cash and Cash Handling

Cash and the handling of cash provide some of the greatest risks in the student activity fund environment. More than anywhere else in a school setting, staff and students are required to deal with cash activity. It is not unusual for a bookkeeper or treasurer to handle large amounts of coins and currency from sales and activities. Many schools make use of coin counters and bill changers, and cash registers are becoming more common. Registers with student identification software and accounting download capabilities make accounting for cash easier. Nevertheless, someone or some group of individuals still need to count, verify and reconcile all cash transactions. This chapter deals with control of cash and banking activity. The next chapter discusses controls over sales and collection of cash. In addition to receiving cash, schools usually maintain a small amount of petty cash for small disbursements. This is covered under the chapter for expenditures and purchases.

Automated Systems

The use of automation in cash handling can increase the speed and accuracy of processing but may add complexity and may also reduce or eliminate separation of duties. Automated devices include items such as coin counters, requiring periodic calibration; cash registers, containing transaction and totalizer tapes; and currency changers, needing restocking. While the others can be controlled with security and repair, cash registers provide the greatest opportunity for efficiencies and controls. Available features in cash registers include receipts printed for customers; daily, monthly and continuous sales reports; use of scanning device for inventory control or student transaction tracking; preprogrammed sales codes; and downloadable data for accounting reports and banking transactions.

The shift, daily, monthly and continuous sales reports provide bookkeepers, treasurers and councils with valuable information. Sales reports can be "run" at any time. A report run without resetting the shift, daily or monthly totals is called an "X" report. This usually requires an "X" key to run and can give up to date information about what is in the cash register at any given time. A report that resets the shift, daily and monthly totals to zero is called a "Z" report and requires a "Z" key. These keys are usually held by a supervisor or someone independent from the cashier. The "Z" report, does reset the shift, daily and monthly reports, but does not affect the totalizer readings of total transactions. Normally these reading are only impacted by the manufacturer in a repair mode. Each time a "Z" report is "run," the register advances the "Z" counter by one. For example, if yesterday the machine was "Z'd-out" at the end of a shift and recorded a "Z" report number of 167, today's "Z" report should be 168. The consecutive order documents whether the machine was used to collect sales and then reset.

The cash register also allows for voids and refunds. Policies should clearly address approval levels and documentation required to support all refunds and to explain all voids. Use of paid-outs (small cash expenditures from receipts) is available, but increases the handling of cash and reduces the tracking of expenditures. This feature should be used with caution.

Other important features of cash registers may include:

- locking drawers to safeguard cash,
- differentiation between cash and checks received,
- immediate endorsement of checks for deposit,
- receipts to customers (students, staff, etc.),
- inventory tracking,
- detailed audit trail,
- transferring transactions directly to accounting system,
- creation of deposit slip or electronic notification,
- differentiation between student funds and other school funds,
- student vocational training, and
- sales activity reports.

Manual Receipting

Although cash registers are efficient and accurate it is not always cost effective to use them. For example, if each first period teacher is selling activity cards, then the school most likely can not afford cash registers for each. If students are selling yearbooks from each home room, it would be impossible to equip each with cash registers. Manual receipts will continue to have a role in the documentation of the handling of cash. A good rule of thumb is that as money flows in one direction, receipts flow in the other. There should always be some kind of documentation to show the transfer of the accountability for the money. Vendors often provide sign-out and sign-in sheets. A teacher may issue candy to each student and expect the candy or cash in return. Signed activity logs may substitute for receipt documents. Receipt documents (manual or cash register) should be used wherever possible. The receipt documents should be numbered and all numbers traced. The name of the school or district should be reflected. Receipts that are printed for the school and bound in quantities of 25 to 100 make for ease in tracking and distributing. The document should record the source of funds (name of individual and activity, especially if multiple activities are occurring simultaneously) and differentiate checks from cash. All voided receipts should be explained.

Often a group of manual receipts represent support for a transfer of funds from a staff member to the bookkeeper. The bookkeeper then processes the total through the cash register and provides the staff member with a cash register receipt. The cash register receipt can be attached to the receipt book or signed activity log to track all sales or collections.

Banking

Funds should be deposited on a timely basis. Timeliness is dependent upon the amount of deposit, the interim security of the funds, school board and student council policy, and state and local requirements. Staff should be required to turn in funds daily, rather than taking them home or putting them in a file cabinet or desk drawer. Deposit slips should contain the name of the school, the proper accounting and should be prepared in duplicate — original to the financial institution and duplicate for accounting purposes. Some school districts require that a third copy be sent to the central office. Funds should be deposited intact, that is, deposited as received. To avoid unnecessary handling, bookkeepers and others should avoid making change with the receipts. If $200 in checks and $300 in cash were received, then $200 in checks and $300 in cash should be deposited. All checks should be endorsed as soon as they are received, either by stamp or through the cash register. Checks made out to cash should not be accepted and should always be for the amount of the purchase only.

All not-sufficient-funds (NSF) checks should be followed-up and re-deposited as allowed. A clear procedure should be established to trace and, if necessary, turn over to collections NSF funds that can not be collected by the school.

At the time of deposit all the manual receipts should be combined, or a sales report created for the cash register. These totals should be equal to the amount deposited. Any differences should be researched and explained. If possible, some one different than the cash register operator should prepare the deposit slip. If only the cash register operator is available, then he or she should count out the money and prepare the deposit slip and have someone else prepare the cash register sales reports and reconcile it to the deposit.

Funds should be kept in lock boxes or safes when not in use. Safes should be re-keyed and combinations changed periodically and with turnover in key personnel. Security and risk management staff should be involved in deciding how best to get funds to the financial institution. Some school systems contract with courier services, some use their own staff and others have the bookkeeper with support deposit the funds. Adequate insurance and assurance of the safety of staff is critical.

Other Funds on Hand

The school will have other cash on hand either for small purchases (petty cash) or for use in their store or activities (change fund). In either case, the funds should not be taken out of current receipts but should be established as accountable funds and part of their balance sheet (asset). Petty cash expenditures and reimbursements are covered later. For change funds, a request for establishing a change fund results in a check that can then be cashed for adequate change. The cash is used for making change at activities (stores, concessions, dances, athletic events). Proceeds are deposited and after the need for change has expired, such as the end of the basketball season, the fund is deposited back to the student accounts.

Schools often deal with staff/student sunshine funds as well. These are small accounts, usually separate from student activity funds, that are used for recognition of school staff or students or as sympathy for an unfortunate event. The school may wish to verify with legal references, but may suggest that the funds be handled outside of the bookkeeper's office. If the funds are held in the school safe then the bookkeeper and others with access to the safe must exercise care over their safeguarding.

Investments

Depending on the rules governing the investment of their funds, student councils may become very active in cash management. If districts require that the funds be deposited and joined with general fund and other school monies then the investment activity may be limited to reviewing performance reports. If the district needs reports on timing for sources and uses of funds then the council, with help of the advisors and bookkeeper, will need to plan out activities for the year. If the council has the authority to invest their own monies then they will have to look at their portfolio and cash needs and match risk to reward. If they have the freedom to invest, guidelines will need to be created by the school board and student council.

Checking Accounts

The procedures and controls for expenditures are addressed in another chapter, but the preparation and security of check stock and the reconciliation of bank accounts need to be addressed here.

Checks should be numbered and accounted for and all unused stock safeguarded. Checks should not be signed until they are complete and supporting documentation should be provided to the signor. The council should establish who has authority to sign checks and when two signatures are required. All voided checks should be referenced or explained and mutilated to avoid future use. Canceled checks, if received, should be retained with the bank statement. The bank statements should be reconciled, or approved, by someone other than the person preparing the checks. All errors or differences with the bank should be reported and investigated immediately.

Credit Cards

A school board and student council may choose to allow customers (students, staff, parents, etc.) to use credit cards in lieu of cash or checks. The use of credit cards require agreements with banks and are transmitted (deposited) electronically or with a deposit slip similar to cash and checks. Banks usually require some administration fee for processing credit card sales and establish rules for their use. Adequate documentation of deposits should be kept to allow for reconciliation of bank records.

Policies and Procedures

The school board and student council should establish policies and procedures over the handling of cash. They should address:

- requirements for monies to be turned in by staff and deposited on a timely basis,
- access to the cash register, control over reset keys, and responsibility for sales reports,

- requirements for separation of duties between receiver of funds and preparation of deposit and posting of financial transactions,
- required approval of voids and refunds and required documentation,
- use of and requirements for manual receipts,
- allowance for accepting checks over the purchase amount or made payable to cash,
- allowance for the use of receipts to make change or to pay for small purchases,
- requirements for re-keying or changing the safe combination,
- required signatures for check writing,
- storage of unused receipts or checks,
- allowance for other funds on hand,
- procedure for handling NSF checks,
- acceptance of credit cards and rules covering,
- investment guidelines and requirements, and
- requirements for preparation and approval of bank reconciliation.

Internal Controls/Key Control Points

The purpose of an internal control system is to ensure compliance with applicable laws and regulations, maintenance of reliable records for financial and managerial reporting, safeguarding of assets (people, information and equipment/ buildings) and promotion of effective and efficient operations. The system of internal controls should encompass the operating environment, identification and mitigation of risks, specific control activities, communication of critical information, and feedback for improvement. Within this system of internal control are key procedures and points that need to be established to meet the control objectives. Listed below are key control points for cash and cash handling.

Duties and responsibilities are defined and separated. The receiving of cash should be separated from bank reconciliation and accounting. If possible, the preparation of deposits should be separated from the creation of sales reports. With limited staff, supervision should review sales and deposit activities. Follow the rule that money flows in one direction and documented receipts flow in the other direction. This transfers responsibility from the sender to the receiver.

Written procedures exist for recording transactions and for identifying receipts and expenditures. The procedures should clearly reflect the process for documenting all collection of funds, the transferring of monies to the bookkeeper, and the depositing of collections into the bank. Manual receipting systems should emphasize control over the paper receipt while the automated systems (cash registers) should fully exploit accountability reports. The use of the bank account for checks should be reflected in policies for approval and all bank statements should be reconciled, reviewed and approved.

The accounting system provides for accumulating revenues and expenditures for comparison with budget. Either the cash register or manual receipts provide accumulating information to compare receipts from activities against budgeted amounts. If the sophomore class expected to sell $5,000 worth of calendars, the receipts or cash register sales reports provide the check. Written check amounts are combined with other payment methods to accumulate costs against budgets. Actual cash receipts and expenditures can be compared against cash flow projections and investment earnings can be analyzed against the budget.

Policies are established for controlling expenditures and are established for approving financial transactions and operations. Requiring certain signatures for some expenditures and using two signatures for checks over a certain amount helps to limit the risk and exposure.

Financial reports are available as needed. Cash register sales reports and transaction information is used to compile management information. They are available immediately and often interface with computer software that can be used for analysis. Reconciliation of activities and bank statements adds to the credibility of financial information.

Audit Procedures

A sample internal audit program over cash and cash handling is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for cash and cash handling is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

Included at the end of this chapter are sample forms for cash and cash handling. Provided forms include Request for Change Fund, Fund Transfer Slip, Receipt, Receipt Book Log, Shift Check Out, and Bank Reconciliation. Blank forms for photocopy and use are provided at the end of this book.

Control Self Assessment

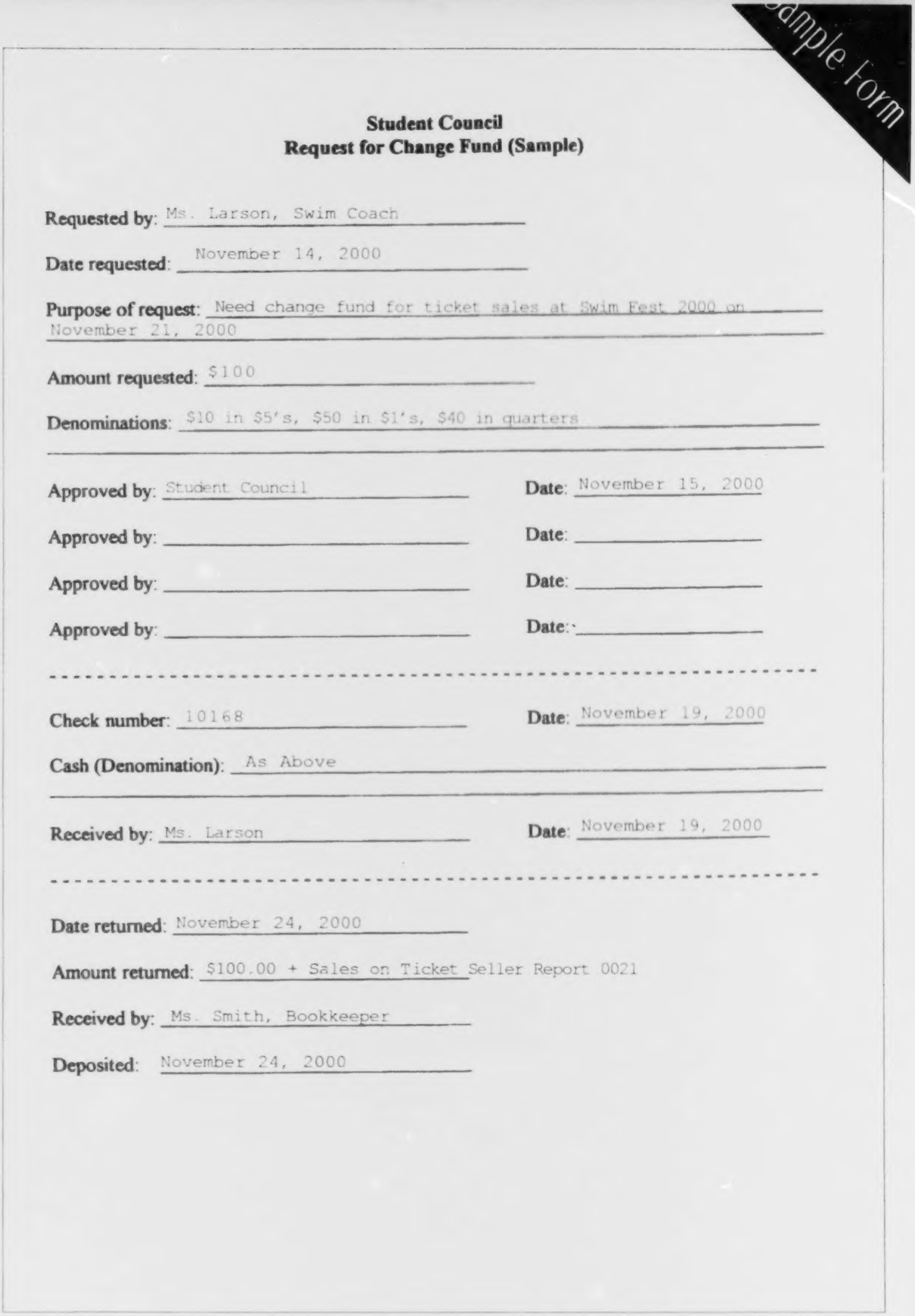
Cash and Cash Handling

Control Area	**Yes/No**	**If no, explain how controlled**
Do job descriptions or lists of defined duties pertaining to cash and cash handling requirements exist for: - School Bookkeeper? - Student Treasurer? - Other Student Council Members? - Administrators and Advisors? - Central Office Staff?		
Are all receipts counted by one individual and verified by another at the time of deposit?		
Are all receipts deposited and recorded on a timely basis?		
Is the function of reconciling the bank statement separate from depositing funds and writing checks?		
Is adequate training provided regarding the use of cash registers and other equipment?		
Are keys to the cash register and safe secured? Is safe combination changed periodically and with turnover of critical personnel?		
Are daily and monthly sales reports prepared and reconciled to deposits?		
Are all "Z" cash register tapes accounted for and in numerical order?		
Are all refunds and voids documented and approved?		
Do receipts indicate the source of funds and differentiate between cash and checks?		
Do all receipts, deposit slips and checks indicate the name of the school and account number, if applicable?		

Control Self Assessment [continued]

Cash and Cash Handling

Control Area	Yes/No	If no, explain how controlled
Are all checks endorsed upon receipt, accepted for the amount of purchase and made payable to the school account?		
Are NSF returned checks timely researched to attempt collection?		
Are unused checks stored in a secure location and all voided checks mutilated to prevent reuse?		
Are current signature cards on file with the bank?		
Are dual signatures required and, if so, is the requirement displayed on the check?		
Are all differences with the bank identified and reconciled?		
If credit cards are allowed, are agreements with the bank on file and being followed?		
Are cash flow reports prepared to determine the sources and uses of cash? Are these reports made available to the central office if they are responsible for investments or to the student council if they have authority for investments?		
Are cash registers properly backed up and do maintenance agreements, or call out agreements, exist?		
If board or student council policy, are all employees bonded?		
Are controls in place over transferring the money to courier or security services?		
Are security measures adequate if hand delivering deposits to financial institutions?		



ample Form

Student Council
Request for Change Fund (Sample)

Requested by: Ms. Larson, Swim Coach

Date requested: November 14, 2000

Purpose of request: Need change fund for ticket sales at Swim Fest 2000 on November 21, 2000

Amount requested: $100

Denominations: $10 in $5's, $50 in $1's, $40 in quarters

Approved by:	Student Council	**Date:**	November 15, 2000
Approved by:		**Date:**	
Approved by:		**Date:**	
Approved by:		**Date:**	

Check number: 10168 **Date:** November 19, 2000

Cash (Denomination): As Above

Received by: Ms. Larson **Date:** November 19, 2000

Date returned: November 24, 2000

Amount returned: $100.00 + Sales on Ticket Seller Report 0021

Received by: Ms. Smith, Bookkeeper

Deposited: November 24, 2000

Sample Form

Student Council
Fund Transfer Slip (Sample)

Date: February 15, 2000

Activity (Source of Funds): Junior Class Valentine Day Dance

Account: 01-00206

Credit Card Sales:

Checks (please list): 13-268	$15.00	
24-199	30.00	
		45.00

Cash:		**@ $100.00**	
	5	**@ $ 50.00**	250.00
	35	**@ $ 20.00**	700.00
	40	**@ $ 10.00**	400.00
	20	**@ $ 5.00**	100.00
		@ $ 2.00	
	106	**@ $ 1.00**	106.00
		Rolled Coin	
		@ $ 2.00	
		@ $ 1.00	
		@ $ .50	
	16	**@ $ .25**	4.00
		@ $ .10	
		@ $ .05	
		@ $ .01	
Total Transferred			1,605.00

Reference Receipt Numbers: 0275 to 0312

Date Received: Feb 15, 2000

Received by: Mr. Smith, Bookkeeper

ample Form

Student Council
Receipt (Sample)

001

Date: Feb 14, 2000

Received from: Amada Jones

$ 15.00

--Fifteen and no/100-------------------------------- **Dollars**

For: Junior Class Valentine's Day Dance Tickets

Council Account Number: 01-00206

Cash: 15.00
Check: ____________

Student Council
Receipt Book Log (Sample).

Receipt Book Numbers	Checked Out to		Date	Numbers Returned	Received by		Date
	Name	Signature			Name	Signature	
0200-0250	Jake	J. Jake	1/18	0246-0250	Smith	B. Smith	2/12
0246-0300	Karn	F. Karn	2/12	0275-0300	Smith	B. Smith	2/12
0246-0300	Giles	G. Giles	2/14	0313-0350	Smith	B. Smith	2/15

Sample Form

Student Council
Shift Check Out

Activity: Student Store

Account: 01-00106

Date: April 3, 2000

Shift: P M

Credit card sales:

Checks (please list): none

Cash:	@ $100.00	
	@ $ 50.00	
	@ $ 20.00	
	@ $ 10.00	
	@ $ 5.00	
	@ $ 2.00	
5	@ $ 1.00	5.00
	Rolled Coin	
	@ $ 2.00	
	@ $ 1.00	
2	@ $ .50	1.00
23	@ $ .25	5.75
10	@ $ .10	1.00
11	@ $ .05	.55
10	@ $ .01	.10

Total Cash and Checks	13.40
Less Starting Change Fund	1.00
Deposit/Transfer Amount:	12.40

Reference Receipt Numbers: ________ to ________

Or Cash Register Tape Number (attached): 142

Counted by: Eric Nelson

Verified by: Ellen Ames

Date Deposited: April 3, 2000

Initials: BJS, Bookkeeper

Sample For

Student Council
Bank Reconciliation (Sample)

Month Ending: January 31, 2000 **Bank and Account Number:** First Main 24-20002

Balance Per Bank Statement: 1,240.15

Plus Deposits In Transit: 0

Less Outstanding Checks:

Number	**Amount**
1215	34.50
1216	16.65

51.15

Corrections to Bank Statement: 0

Adjusted Bank Balance*: 1,189.00

Balance Per Books: 1,195.00

Adjustments/Corrections: Bank Charge 6.00

Adjusted Book Balance*: 1,189.00

*** Must Agree**

Adjusted Book Balance: 1,189.00

Adjustments for General Ledger: 0

General Ledger Balance: 1,189.00

Prepared by: B.J. Smith, Bookkeeper **Date:** 2/12/2000

Approved by: Principal James **Date:** 2/14/2000

4

Sales, Revenues and Receivables

Student body organizations raise money by a variety of methods to help fund their activities. Active and large high schools can generate nearly one million dollars while smaller elementary schools may generate only a few hundred dollars. Regardless of the volume and number of transactions, controls and procedures to adequately safeguard the receipts are critical. A loss of $200 at an elementary school may be as significant as a $5,000 loss at a high school and may have drastic impacts on the ability of either school to provide adequate extra curricular programs. Losses may also create negative perceptions about the school and cause public relations disasters.

The ways in which a school may raise money are only limited by the creativity of the school, its student council and its advisors. Some common methods of raising monies are reviewed in this chapter. Other fund raising activities probably follow similar systems and would require many of the controls and procedures described here.

One source of funds to operate the student body come from participation events. These events include selling of Associated Student Body (ASB) cards and parking stickers. They allow for students to participate in certain school-related events and often allow students discounts for both school and non-school activities.

A second source of funds comes from fund raising activities. These include revenues earned from selling manufactured or purchased items or services. Fund raising also includes commission checks from certain sales activities and proceeds from raffles and auctions. Unilateral donations are covered in a separate chapter.

A third source of funds for the student body comes from receipts of items sold to cover costs. The council is not concerned with a profit but expects to cover all out-of-pocket expenses. These may include sales of uniforms, clothing bearing the school logo, and school supplies.

The final category includes monies received for admission activities. These include revenues earned from dances, athletic events, and concerts. They are often controlled with tickets and varying admissions charged based on ASB status.

Participation Activity

Schools often create picture identification for students. Often this identification can be used to track individual student purchases, free or reduced lunch applicability, or prepaid lunches. The card can also indicate whether the student has paid for membership in the Associated Student Body. This membership fee is often one of the largest fund raisers for the school. Members are often provided discounts on yearbooks and afforded cheaper admission at school events. Some student councils have required that all club members and athletic participants purchase an ASB card. This requires tracking by the council with the help of advisors and the bookkeeper. With a student population of 1,500, if one-half of the students purchase an ASB card at $20, the school will generate $15,000. Similarly, parking stickers, or decals, are sold to students for the right to park on campus. This may generate significant funds for the school at very little cost. Many schools also now require a pay-for-play fee for athletics and activities. That is, in order to participate in activities such as band or choir, or to be involved in athletics, the students must pay a set fee. These fees generate monies for the school and often are used to offset the cost for the activity or sport.

Each of these participation events requires some control over the item being sold (ASB card, parking decal) or the fee received (pay-for-play). The ASB cards and parking decals can be controlled by a numbering scheme, then reconciling the number sold to the money received. For example, if Meadowdale High School issued 1,286 ASB cards at $20 each, the bookkeeper should have deposit records that reflect $25,720 in receipts. A report can be provided to the student council on a regular basis indicating the number of stickers sold and the funds deposited. Parking decals could be similarly handled. The pay-for-play event is more difficult in that there is no pre-numbered accountability. Each payment received should be processed through the receipt system, cash register or manual, with accountability for total dollars. The cash register tapes, or manual receipt books, could be summarized and reported to the student council reflecting total monies received. In addition, receipts can be compared to team and club rosters to highlight those that did not pay and follow-up with coaches and advisors to increase collections. If students refuse to pay, then the council should have pre-established authority to ban their participation pending the payment of funds. The same process could be in place for the schools that require ASB card purchases for club members and athletic participants.

As cash register and computer systems are expanded, the ability to track individual purchases and summarize by activity are improving controls and accountability. Computer generated reports can be created that list all students holding ASB cards, parking decals or participating in pay-for-play. These reports provide support for financial results, can be reviewed and approved by student councils, and allow for tracking of collectible accounts.

Fund Raising Activity

Fund raising activities are often the focus of student council attention and energy. Whether the fund raisers are school-wide or are club/class oriented, they generate a lot of paperwork and money. The money is usually small denomination currency or coin, with a few checks, is handled numerous times, and comes from several sources at the same time. For example, the bookkeeper may be receiving money from the following, all at the same time:

- sale of ASB cards,
- sale of parking stickers,

- sale of yearbooks,
- sale of candy for the band fund raiser,
- sale of calendars for the German club fund raiser,
- admission fees to the junior class dance,
- sales at the student store,
- ticket sales from the volleyball game,
- ticket sales from the wrestling match,
- sale of entertainment books from the sophomore class, and
- sale of jewelry for the chess club fund raiser.

Accordingly, it is important for the sponsor of each fund raising activity to be accountable for that fund raiser. Cash controls and sales reports provide information to the advisors and student council about the profitability of each activity and controls over inventory and funds. Controls and procedures need to be developed around the two features of all of these fund raisers: inventory and cash. Each type of fund raising activity, and corresponding controls and procedures, is described below.

Sales for Commissions. Items sold on commission often allow the school to raise funds without the risk of inventory losses. Students may take orders for items, such as magazines or books, and the school receives a commission based on total sales. The school may be responsible for delivery of the purchased items to the customer or the items might be directly shipped. Customers may remit their funds to the vendor and the school receive a commission, or the school may deposit all funds and the vendor bill for the items net of commission. Vending machines are often on commission and the school receives a percentage of sales. Key areas to consider in dealing with commission type fund raisers include:

- An approved contract should detail the amount and the calculation of commissions, the collection of monies, the distribution of items, the terms of payments, the responsibility for NSF checks, and the customer service contacts.
- A system to verify commissions should be established. For example, verifiable meter readings on vending machines, or recaps of sales of magazine subscriptions.
- Responsibility for defective products or lost funds (vending machine).
- Prices and awards provided by the vendor should comply with school policies.

Sales of Services. Fund raisers like car washes for schools and other private groups are very common. Sales of services allow schools to raise money with very little out-of-pocket cost. Some local companies have formed partnerships with schools that allow the students to provide labor and receive a fee. For example, a school might take over a pizza restaurant for an evening with the restaurant paying a fee to the school. In the case of service being sold, key areas to consider include:

- The activity should be clearly identified as an ASB activity.
- The activity should be a club or class activity, not an individual fund raiser.
- The activity should not parallel services offered by a community business.
- The labor for fee activity should be infrequent and should be monitored to ensure it is not considered salary, subject to applicable regulations.

- The activity should not conflict with local regulations, such as storm drainage, etc.

Sales of Manufactured Items. Students often find that they can sell items that they make and at a high profit. High School students are having fun and making money selling balloon grams and valentine grams where balloons and candy are personalized and delivered to a student on behalf of another student. Elementary students take orders for pizza and then prepare the pizzas for parents and friends. Business education classes are following the Junior Achievement model and preparing and marketing ornaments, vases, candles and other small dollar items. Technology has increased the capability of many schools to offer banners, greeting cards, published books or poems, personalized audio and video messages, web page recognition and many other items. Vocational classes may even offer plants or seeds, repaired equipment, wood workings, and software.

The sale of manufactured items adds to the need to track costs. Tracking costs by product can help establish the sale price. For example, if a horticulture club decides to build and sell planter boxes, the costs of the materials must be recovered and an expected profit added to arrive at a sale price. Assume that the club estimated that they could sell 50 planter boxes and wanted to make $250 to pay for a trip to a local tree farm. They would have to generate $5 profit from each sale ($250 desired profit divided by 50 planter boxes.) If the cost for each planter box (wood, paint, wire, staples, glue and dirt) was $7, then the selling price would be set at $12. This would not include recovery of any labor or overhead costs. If the club needs to pay any of these costs, then they would have to be added to the selling price. An estimate of the selling price and the marketability of the product should be done before undertaking the sale.

Items of importance to consider in the sale of manufactured items include:

- identifying of costs associated with the manufactured item,
- establishing a selling price that is marketable and profitable,
- allowing for waste and defective products and a return policy,
- food handling and safety requirements with the preparation of the items for sale,
- specific identification of inventory (each item identified for sale) or creation of inventory control procedures,
- collection, transfer and deposit procedures for sales,
- community competition and public perception, and
- final accounting for profit or loss.

Sales of Purchased Items. The resale of merchandise is a major source of revenue for student councils. Revenue can be earned from almost any product in demand. Some of the more common products include candy, jewelry, beverages, calendars, posters, CDs, books, clothing, and entertainment coupon books. The merchandise may be sold through a student store or concession stand, by direct sales from the student to the customer, or through a vending machine. In all cases the cost of the merchandise and the expected revenue from the sale can be identified. Procedures can be established to ensure that all inventory for resale is safeguarded and accounted for, all sales are identified, and receipts are timely deposited. It is worth looking at each sales delivery in detail.

Student stores and concession stands generate significant revenue for a student organization. Items sold may include candy, soft drinks, school supplies and clothing. Concession stands often operate during athletic events or school performances and sell hot dogs, popcorn and other fresh items. Recently stores and concession stands have expanded to sell hot and iced coffee drinks, personalized greeting cards and balloon bouquets. Student use of credit cards and availability of ATM machines will soon be commonplace. Stores and concession stands are operated by the students, under staff or parental supervision, and usually operate in shifts between classes, before and after school, or at events.

Stores offer students a chance to participate in a business retail environment while earning funds for student activities. Used properly, student stores can supply items at lower cost or items made especially for the school (shirts, pens, notebooks, etc.). With the diversity of products sold and the scheduling of students to cover shifts, controls and procedures over student stores and concession stands are critical for success and profitability.

Procedures and controls need to be developed to cover purchasing, invoice processing, protecting inventory, receipting cash, safeguarding equipment, banking, and preparing and analyzing financial statements. Responsibility needs to be assigned for ordering goods, stocking inventory, selling items, accounting for sales and purchases, maintaining appropriate store records, and the cleaning up of the store area.

For illustration purposes, assume that a group of students from the Meadowdale High School decides to operate a student store selling clothing and nutritional snacks. Transactions may look like the following:

1. A staff member and/or student(s) ask the student council to authorize a student store, the purpose of the student store, responsible staff member, and the use of the proceeds are presented.
2. The student council formally approves the creation of a student store as presented, with responsibility assigned, and the purpose of store and the use of funds documented.
3. The newly formed group asks for funds to be made available, a blanket authorization for purchases and/or submits their purchase request, as required by the council and school board policies.
4. The council approves request for funds and purchases.
5. Purchase requisitions are created for clothing and nutritional snacks.
6. Appropriate signatures are obtained (usually group advisor, council treasurer, and principal).
7. The requisition is forwarded to the purchasing office, the school principal or to the vendor, as allowed by school board and student council policies.
8. Purchased items are received, accepted through a formal receiving process and secured in the student store area.
9. The invoice is received from the vendor, approved by the appropriate individuals (see 6 above) and forwarded to accounts payable or the school bookkeeper, as required.

10. Selling prices for purchased items are determined. For example assume that 40 clothing items were purchased at a cost $10.00 per item and the selling price was set at $15.00. Also assume that 100 high energy bars were purchased at $1.00 each and are expected to sell for $2.00 each.
11. A cash register or cash receipt system is put into place for selling items.
12. A change fund is created from petty cash or a checking account to help students make change during sales.
13. The store opens for business. The school bookkeeper signs-out the change fund.
14. Items are sold and receipts are given to purchasers, either through the cash register or manual receipts. Assume that 10 shirts and 25 energy bars are sold, generating $200 in sales on inventory that cost $125.
15. Sales by item are identified if using a perpetual inventory system or inventory is counted at the end of the shift/day if using a periodic inventory system. Assume that 30 items of clothing and 75 energy bars are left, reflecting no loss of inventory.
16. Cash received from sales is recorded each shift and reconciled to cash register tapes or receipt books. Assume receipts or register tapes show $200, again no loss.
17. Monies are turned into the school bookkeeper. Store personnel obtain a receipt for $200 for the transferred funds. The change fund is returned and secured by the bookkeeper.
18. The school bookkeeper prepares deposit slips for the sales.
19. Financial statements are prepared and given to the student council that reflect:

Sales	$200
Cost of Goods	125
Gross Profit	$75

and reflect the following balances Cash $200, Inventory (at cost) $375 (retail-$600), Accounts Payable $500, and Store Net Worth $75.

20. Then the cycle starts over.

Adult supervision is critical. A staff member or parent should oversee the school operations. A small store can operate with one supervisor and two students, while the larger stores my need one supervisor for every cash register area. Depending on the size of the store or concession stand, and how busy it is, staffing may vary. At a minimum, two students or workers should be on hand to ensure adequate separation of duties. One worker can be in charge of the cash receipting process, while the other can handle inventory duties. Only one should be allowed access to the cash register, the other worker can verify the final count. If perpetual inventories are used, the student not handling the cash can document the sales, while the other can verify.

Training is very critical. Supervisors and workers should be trained on school requirements as well as store procedures on inventory, cash handling, use of the cash register, cleanliness of store, and lock-up and clean-up procedures.

Work schedules should be established and access to store area limited to workers and customers. If a worker chooses to purchase an item, the supervisor or other worker should conduct the sale. Hours of operation should not conflict with student class schedules or food service rules and regulations. The store should be located in a secure area but accessible to student customers. Keys to the store, inventory storage, and the safe should be protected.

If operated for a specific benefit, then a charter or bylaws should be filed with the student council. Job descriptions for student workers and supervisors should be available and updated at least annually. There should be no more than one worker per cash drawer. Cash drawers should have pre-established change funds. Cash drawers should be restricted to one worker and one shift. Cash drawers should be locked in a cash register or cash box.

All sales should be documented at the time of transaction through a cash register or cash receipting system. The cash register should allow for totalizer readings. The cash receipts should be pre-numbered and ordered with the school name. Keys to the cash register should be controlled. Receipt books should be accounted for and secured. Cash register summary tapes (Z-tapes) should be created with every worker and/or shift change and held separate from the cash. All voids, refunds and over rings should be documented and approved. Monies should be counted at the end of each shift and the sales reconciled to the beginning change fund and sales for the day. Monies should be transmitted to the school bookkeeper on a timely basis. A receipt for monies provided to the bookkeeper should be maintained with store records.

If taxes are required to be charged, total monies transmitted should identify the portion for taxes. Policies on the acceptance of checks or credit purchases should be approved by the school board and student council. Checks should be restricted to the amount of purchase and endorsed immediately upon receipt. Credit sales may not be legal in certain locations. If allowed, listings of receivables need to be turned into the school bookkeeper with all other sales information.

At time of establishing the store, or annually if an on-going activity, expected store purchases and sales should be budgeted. Budgets for the store should be approved by the student council and eventually by the school board in the normal required budget process. Budgets should anticipate start-up costs for ordering, prior to initial (or first of year) sales. Prudent store managers order conservatively. Budgets should be maintained to control store sales and purchases. Total revenues and expenditures should be compared against budgeted amounts monthly and adjustments made as required.

Continuous book inventories should be maintained if using a perpetual system or need to be calculated if using a periodic system. Independent physical inventory counts need to be performed at least monthly. A formal return policy should be approved and posted. All returns should be approved by the store supervisor. All inventory losses and overages must be analyzed and corrections made. Slow moving or discontinued inventory items need to be identified and strategies to increase sales developed.

Financial statements for the store or concession stands should be prepared monthly and presented to the student council. Losses, or less than expected profit, should be researched and corrective action taken as needed.

Direct sales by students are the most recognized fund raiser. Students selling candy, books, holiday wreaths and other items to friends and neighbors generate money for many student activities. The types of items resold are limited only by the creativity of the students. Many vendors offer products tailored to student fund raisers. The keys to a successful fund raiser include:

- Make sure the product chosen is marketable. Some schools can have success with one product while other schools have difficulty. Candy is a high in-demand product and results in profit at most schools.
- Make sure the selling price allows for a profit and is reasonable to the customer. Candy usually has a high mark-up, as much as 100%, and still remains at an affordable price.
- Properly order, with approvals, and maintain the right to return unused product. This is a critical control, especially with perishable products. Ordering too much inventory and not returning unsold product reduces the profitability of the sale.
- Safeguard the product from spoilage or theft. Keeping the product in a locked area that protects the product, if perishable, adds to the chance for a successful fund raiser.
- Issue the product to students in an organized and accountable manner. Many vendors provide student check-out and sign-in forms that track how much product is outstanding and how much has been returned.
- Use numerically controlled receipts to help to document the receipt, transfer and deposit of funds.
- Promote and schedule activities. Student council involvement in notifying the student body of the sale event and scheduling the activity so it does not compete with other fund raising activities provides for a greater chance of profitability.
- Review of financial results by the student council. An ongoing and final end-of-event financial analysis presented to the student council allows them to make decisions about the types of fund raisers that are successful in their environment.

An example of the process of a candy sale is as follows:

1. The French Club students and advisor ask the student council to authorize the sale of chocolate candy bars with the proceeds to pay for a trip to Montreal. Sales are estimated to be $4,000 with a profit of $2,000.
2. The student council formally approves the purchase and resale of the candy and the use of the proceeds.
3. A purchase requisition is created for 2,000 candy bars at $1 each, totaling $2,000.
4. Appropriate signatures are obtained (usually group advisor, council treasurer, and principal).
5. The requisition is forwarded to the purchasing office, the school principal or to the vendor, as allowed by school board and student council policies.
6. Candy bars are received in the main office and sent to the club advisor. The items received are accepted through a formal receiving process.

7. The invoice is received from the vendor, approved by the appropriate individuals (see 4 above) and forwarded to accounts payable or the school bookkeeper, as required.
8. The advisor uses a vendor supplied spreadsheet to issue the candy bars to each student. Each of the 20 students is issued 100 candy bars and sign out for them.
9. Students submit all monies from sales to the advisor. The advisor updates the inventory form and issues receipts as needed.
10. The advisor summarizes receipts and cash, and transfers money to the school bookkeeper. The bookkeeper verifies the count and issues a cash register receipt crediting the French Club account. The advisor attaches the cash register receipt to the other receipts and inventory form.
11. The sale continues as authorized by the council or until the club is done selling. All remaining candy bars are turned in to the advisor.
12. The advisor determines if all candy and/or money have been recorded. If not, student fine lists are prepared. For example, if of the 2,000 bars, 1,900 were sold, 75 were returned and 25 were not accounted for, the advisor would issue fines to the students not returning the 25 missing bars.
13. Unsold, on-hand bars are returned to the vendor.
14. The advisor and club prepare a financial statement for the student council and bookkeeper. All records are filed with the official student council financial information. The financial statement for this sale would be:

	Number	At Retail
Total Bars Purchased	2,000	$4,000
Bars Returned to Vendor	75	150
Bars Available for Sale	1,925	3,850
Bars Sold	1,900	3,800
Fines, etc.	25	50
Sales		$3,800
Cost of Goods		1,925
Profit		1,875

The club fell $125 short of their goal of $2,000 for their trip because of returns to the vendor (profit $75) and lost bars or cash (fines $50).

To avoid significant loss of revenue, emphasis needs to be placed on:

- the ability to return goods to the vendor,
- safeguarding of inventory,
- limiting the duration of the sale to a short period of time,
- limiting how much inventory is distributed to each student,
- the use of an inventory control sheet with sign-out and returns,
- approval by parents and guardians,
- use of receipts for transfer of funds,
- identification of losses to students,
- sticking with successful fund raisers,

- profit and loss analysis, and
- comparison of results with plan.

Sales through vending machines also create opportunities for students to earn money for student activities. Vending machines can be on a commission basis, as discussed previously, or managed by the school. Controls and procedures for school managed vending should be similar to a student store with the point of sale being the vending machine. Considerations unique to vending machines include the following:

- Contracts should be in place specifying terms and conditions (both school and vendor operated).
- Commissions should be verifiable with meters and traced to payments (vendor).
- Access to the machine should be controlled and performed by two people (school).
- Responsibility for refunds should be established (both).
- Decision on selection of product should be established (both).
- Responsibility for the maintenance of equipment should be established (both).
- Inventory not in equipment should be secured (school).
- Restocking schedule should be established (both).
- Restocking of equipment should be verified and controlled (school).
- Withdrawal of funds should be counted and verified and transmitted regularly (school).
- Proceeds should be reported regularly (vendor).
- Financial profitability should be calculated and reported regularly (school).

Often there is more profit in operating the vending machine at the school. Analysis of the additional profit and its additional risks should be performed by each student council with decisions made based on that discussion. The additional profit usually requires these additional costs or risks:

- Additional labor for students and bookkeeper counting coins and restocking equipment.
- Storage and potential loss of inventory not in equipment.
- Lost sales from items not restocked.
- Additional ordering and receiving procedures.
- Equipment malfunctions and lost sales.

Raffles and Auctions. Raising funds for student activities with raffles and auctions may be allowed. Raffles and auctions can generate significant revenue, but they can also create undue burdens on the financial stability of the student council if not properly handled. The guidelines below are offered to ensure success of these activities:

- Contact state or local authorities before beginning an auction or raffle as the frequency, ticket prices and prizes offered may be restricted or regulated.
- Attempt to get most, if not all, of the prizes and auction items donated.

- Clearly state the rules on the raffle ticket or auction sheet. Indicate if the winner needs to be present, when the bid closes, if there is a minimum bid, or if their are minimum bid increments.
- Publish the donor information and publish the prize winners.
- Use pre-numbered raffle tickets and admission tickets to auctions. Reconcile the ticket numbers as all tickets are reconciled - see admission section later this chapter.
- Use numbered tables or numbered sheets to identify all auction items.
- Immediately close-off or pick-up auction sheets at the time of closing - do not change announced closing times.
- Record all live auction numbers on sheets and confirm winning numbers.
- Issue receipts to everyone getting the highest bid. Cross reference receipt numbers on bid sheets.
- Summarize all bid sheets, receipt numbers, and cash and checks. Transmit all funds to the bookkeeper and attach cash register receipt to bid sheets.
- Prepare financial results timely, provide to student council, and file with council records.

Cost Recovery

The third source of funds to a student council are not intended to make money, but to cover costs. These items or services are offered to students as a convenience or to promote school spirit. One school may choose to sell certain items at cost, while other schools may sell the same items for profit. Items often sold at cost include school uniforms, school pictures, supplies, clothing, and yearbooks. When calculating the sale price at cost, it is important to allocate all costs. Examples are presented below:

Student Pictures. Include the cost of the pictures and any commissions charged by the photographer. Clearly establish who has the responsibility for NSF checks and how re-takes are processed. If either of these add to the student council's obligation then the costs should be factored into the selling price.

Clothing. If carrying clothing in inventory, look for costs attributable to loss or obsolescence. Determine if large sizes have an extra cost and consider returns and restocking charges.

Yearbooks. Schools usually create and purchase extra yearbooks for historical purposes and to meet future needs. These costs should be allocated to the base price charged. Include all postage and freight for the shipment of yearbooks and other distribution costs. If students with ASB cards are offered a discount, determine a second tiered price to cover the discount. Look for hidden costs from vendors such as extra pages or color photography.

Supplies. Same as clothing but has a higher risk of inventory loss. Factor in the changes each year due to teacher requirements that may lead to selling some supplies below cost. Be wary of over stocking inventory without vendor return privileges.

Admission Charges

The fourth category of revenue for student councils is money earned from charging admission to certain activities. These activities include admission to dances, athletic events, and band and choir performances. The use of tickets for admission helps to control the revenue, but requires some planning and approval. An example of a ticketed event and necessary controls and procedures is displayed below:

1. The junior class presents a request to the student council to hold a dance. The cost for the dance is expected to be $2,500 for the DJ, decorations, custodial, chaperones, pop and cookies. Admission costs will be $10 with an ASB card and $15 without. Based on past experience they expect 300 students to attend, 200 with an ASB and 100 without. Projected profit is $1,000 (200 x $10 plus 100 x $15 less $2,500) and will be used for a year-end function.
2. The student council approves the dance and the request for expenditure.
3. Purchase orders are created for the DJ, pop and cookies, and payroll forms are prepared for the chaperones and custodians. Processing of receiving and payments of goods, services and labor are not followed here but are recapped in the chapter on expenditures.
4. The junior class advisor signs out for two types (two different colors) of pre-numbered tickets to be used for the dance admission and a $100 change fund.
    - Many schools have started creating their own personalized ticket stock using computer software. Access to the ticket stock should be limited and consecutive pre-numbering should be required.
    - Pre-sale requires on-going control and use of tickets that are unique and can not be purchased outside the school or duplicated.
5. The advisor sets up the change funds and the sales booths. If enough resources, each ticket booth should have one person checking the ASB cards and issuing the tickets, the other taking the cash. Receipts are not necessary if a re-entry system, such as a hand stamp, has been established.
6. At the end of the sale, the ticket seller counts the cash and prepares the gate receipt report. This is verified by a second person or advisor. Monies and unused tickets are turned into the school bookkeeper. The cash register receipts are held with the gate receipt reports and filed with student council documents.
7. The class and advisor present the results to the student council.
    - The financial results should include all costs.
    - The results should also include the number of students attending.
    - The council may wish to receive a critique on the dance.

The same series of transactions would hold for most ticketed events. Smaller schools often track attendance at a dance or paid assembly by using a sign-in sheet. The sheet could then be matched against total receipts. Appropriate supervision or separation of duties adds to the reliability of the process.

Any losses from admission revenue, identified through the reconciliation process, should be researched immediately. The use of multiple admission charges often leads to sales at the incorrect price or errors in making change.

Sales Tax Collections

The sales processed should allow for the collection of, and the inclusion of, sales taxes if required by the state or local government. If selling both taxable and nontaxable items, sales information presented to the school bookkeeper should include enough information to allow for the preparation of required tax returns. Taxes should be considered in establishing prices and recovering costs. All prices inclusive of taxes should be disclosed to the customer. Clubs and classes that set sale prices should be made aware of the impact on profit of the taxes.

Receivables

Sales on credit should be presented to the school bookkeeper on a timely basis. The credit sales should be listed on all financial recaps of sales. The accounting system should be designed to allow uncollected credit sales to be charged against the club, class, fund raiser, or approved account. Periodic reports and analysis of credit sales and collections should be presented to the student council. The use of credit sales should be periodically reviewed to determine if changes are warranted.

Policies and Procedures

The school board and student council should establish policies and procedures over the sales, revenues and receivables. They should address:

- approvals for all fund raising activities,
- scheduling of fund raisers,
- use of pre-numbered forms for all activities,
- authorization of change funds,
- frequency of inventories for on-going sales (store, etc.),
- type of inventory (periodic or perpetual),
- parental permission to participate,
- limits to amount of merchandise to any student at one time,
- process to transfer money between staff and/or students,
- fines or grade holding for lost money or merchandise,
- allowance for markdowns, giveaways, or promotional sales,
- receiving and securing merchandise,
- cost recovery allocation,
- type of activities allowed (door-to-door, raffles, car washes, dances, etc.),
- authorization for credit sales and collection policy and charge back, and
- preparation of financial statements.

Internal Controls/Key Control Points

The purpose of an internal control system is to ensure compliance with applicable laws and regulations, maintenance of reliable records for financial and managerial reporting, safeguarding of assets (people, information and equipment/buildings) and promotion of effective and efficient operations. The system of internal controls should encompass the operating environment, identification and mitigation of risks, specific control activities, communication of critical information, and feedback for improvement. Within this system of internal control are key procedures and points that need to be established to meet the control objectives. Listed below are key control points for sales, revenues and receivables.

Duties and responsibilities are defined and separated. In addition to the cash collection separations listed in the prior chapter, there is an opportunity to strengthen controls by requiring the fund raising sponsor or advisor to prepare a reconciliation independent of the school bookkeeper. Using all sales, deposits and expenditure information, the advisor can determine profitability of a fund raiser. The numbers can be compared against the bookkeepers and the final results shared with the student council. Receiving merchandise should be separated from ordering and physical inventory confirmation should be separated from day-to-day operations. If not enough students are available to adequately separate duties, staff members should increase supervision.

Written procedures exist for recording transactions and for identifying receipts and expenditures.The student council and school board should provide guidance on the use of control documents for all sales. All sales should be recorded and any returns and adjustments identified. Required authorizations should be in evidence.

The accounting system provides for accumulating revenues and expenditures for comparison with budget. A system should be established that allows for all costs of fund raisers to be identified with the sales. All fund raisers should be presented to the student council with expected revenues, costs and profits. At the conclusion of one-time sale activities, or periodically for on-going activities, reports of actuals against estimates should be made to the council.

Financial reports are available as needed. Financial reports should be available for every fund raising activity.

Audit Procedures

A sample internal audit program over sales, revenues and receivables is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for sales, revenues and receivables is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

Included at the end of this chapter are sample forms pertaining to sales, revenues and receivables. They include Request for Activity, Request for Fund Raiser, Gate Receipts Report, Ticket Check-Out, Parental Permission to Participate, Store Inventory Form, Store Shift Close Out, Store Sales Transmittal Report, Store Physical Inventory, Store Inventory Reconciliation, Store Markdown Approval, Store Profit and Loss Statement, Merchandise Sale Control, Merchandise Sales Profit and Loss, and Student Fine Report. Blank forms for photocopy and use are provided at the end of this book.

Control Self Assessment

Sales. Revenues and Receivables

Control Area	Yes/No	If no, explain how controlled
Do job descriptions or lists of defined duties pertaining to sales, revenues and receivables requirements exist for: - School Bookkeeper? - Student Treasurer? - Other Student Council Members? - Administrators and Advisors? - Central Office Staff?		
Are parking decals and ASB cards pre-numbered to detect losses? Are numbers sold matched to sales to ensure all funds are accounted for?		
Are rosters for athletic groups or clubs matched to receipt documents and deposits where pay-for-play is in place?		
Are all fund raising activities approved in advance by the student council? Are expenditures related to the fund raiser and use of the proceeds identified?		
Are all results from fund raisers presented to the student council?		
Do contracts with vendors for sales that generate commissions clearly identify terms for percentage and calculation? NSFs? returns or defective products? verification of commissions?		
Do payment for services contracts reflect terms, including payment method?		
Are services provided by students to earn monies approved in advance and receipts documented?		
In establishing a selling price for a manufactured item, are all costs considered, including material, labor, waste, overhead and profit?		

Control Self Assessment [continued]

Sales, Revenues and Receivables

Control Area	Yes/No	If no, explain how controlled
For manufactured items, are all state and local regulations, such as food handling, observed?		
Are student stores authorized by school board and student council and are hours of operation congruent with school and cafeteria operations?		
Does the student council approve the purchase of items for resale in the student store?		
Is access to the student store and inventory controlled?		
Are selling prices for the student store items pre-established and posted? Is sales tax added as required?		
Are change funds for stores authorized and secured?		
Are periodic or perpetual inventories taken and reconciliations performed for stores?		
Are cash registers or some other cash accountability system in place for store sales?		
Are credit sales rules followed?		
Is cash transmitted from store to bookkeeper on a frequent basis? Are receipts furnished for transfer?		
Are stores maintained in an orderly and clean fashion and appropriate food handling permits posted?		
Are sales at below established price approved and recorded?		

Control Area	Yes/No	If no, explain how controlled
Are direct sales of items approved in advance and scheduled by the student council?		
Are merchandise check-out sheets used to transfer items to students for sale?		
Is merchandise held in a secure location?		
Are goods returned from students signed for and posted to inventory sheet?		
Are all monies turned in by students verified, receipts issued and transmitted on a frequent basis to the school bookkeeper? Does the school bookkeeper issue a receipt for funds?		
Does the contract with the vendor allow for returned merchandise? If so, is merchandise returned timely and credit received?		
Are the results (profitability) of each sale calculated and presented to the student council?		
Do contracts with vending machine companies exist? Do they address: - the ability to verify? - liability for damaged, defective product? - selection of items/brands? - lost monies?		
If the school operates the vending machine, is inventory safeguarded? Is restocking and cash collection performed by two individuals?		
Are raffles and auctions approved by council, school board and local authorities, if required?		
Are terms of auction or raffle clearly displayed (must be present to win, last bid taken at..., etc.)?		
Are auction bids totaled and compared to deposits to ensure all funds are received?		

Control Self Assessment [continued]

Sales, Revenues and Receivables

Control Area	**Yes/No**	**If no, explain how controlled**
Are raffle tickets pre-numbered and sales matched to numbers issued?		
Are financial results of auctions and raffles presented to the student council?		
For sales of items at cost, are all costs included?		
Are gate receipt reports and ticket logs kept to account for all tickets?		
Are unused tickets safeguarded?		
Are change funds for events authorized and returned at the conclusion of the event?		
Are total tickets sold reconciled to total sales to make sure all funds are deposited?		
Are ticket selling and reconciliation of sales done by two different individuals?		
Are sales taxes collected on all sales, where applicable, and timely remitted to state and local authorities?		
If credit sales are allowed, are invoices or statements prepared on a regular basis?		
As monies are received from credit sales, is the receipting of those funds separated from those posted to the accounts receivable ledger?		
If the school allows credit card sales, is there a signed contract with the financial institution?		
Are credit card machines properly safeguarded?		

Student Council
Request for Activity (Sample)

Name of Club/Class/Account: Soph 01-00207 **Date:** April 5, 2001

Submitted by: Jill Kennedy **Title:** Soph Class Pres

Advisor: F. Karn

Description of Activity: (include purpose, date and beneficiary), if fund raiser attached supplement

Soph class fund raiser selling Meal Value Coupon Books - see supplement sheet

Sales would take place May 1 - 8, 2001

Amount of Funds requested, if any: $1,000 **Source of Funds:** Student Council

Repayment Plans, if any: Paid back at end of fund raiser - money needed to purchase coupon books

Names of Adult Supervisors at Activity (chaperones, custodians, etc.):

None

- -

Approved/Not Approved: Approved **Motion:** Kennedy

Council Minutes Dated: Apr 5, 2001 **Seconded:** Hoffman

ASB President: M. Johnson **ASB Secretary:** Madison

Principal/Designee: James **Bookkeeper:** B. Smith

- -

Activity: Meal Value Coupon Book Sale **Date Scheduled:** May 1 - May 8, 2001

Route to:

Student Council
Request for Activity
Supplement for Fund Raiser (Sample)

Name of Club/Class/Account: Soph 01-00207 Date: April 5, 2001

Description of Fund Raiser: (include purpose, date proposed, participants, product or service sold, proposed vendor, and proposed use of proceeds)

This is a sophomore class fund raiser that will be used to fund the year-end party. We would like the sale to be held from May 1, 2001 to May 8, 2001. The sophomore class and advisor will be responsible for the sale. We will be selling Meal Value Coupons that allow 2 for 1 at many local restaurants. The coupon books are available from MVC at a cost of $10 each and they sell for $20.

Expected Sales: $2,000

Expected Costs: $1,000

Expected Profit: $1,000

Sample Form

Student Council
Gate Receipt Report
Page One (Sample)

Date: November 3, 2001 **Activity:** Basketball versus East High

Ticket Description: Orange-Adult
Next Ticket Available: 12985
First Ticket Sold: 12947
Total Tickets Sold: 38 **Ticket Price:** $3.00 **Ticket Sales Value:** $114.00

Ticket Description: Yellow-Student
Next Ticket Available: 110947
First Ticket Sold: 110431
Total Tickets Sold: 516 **Ticket Price:** $2.00 **Ticket Sales Value:** 1,032.00

Ticket Description: White-with ASB
Next Ticket Available: 76487
First Ticket Sold: 75965
Total Tickets Sold: 522 **Ticket Price:** $1.00 **Ticket Sales Value:** 522.00

Ticket Description: ____
Next Ticket Available: ____
First Ticket Sold: ____
Total Tickets Sold: ____ **Ticket Price:** ____ **Ticket Sales Value:** $1,668.00

Total Ticket Value: ____

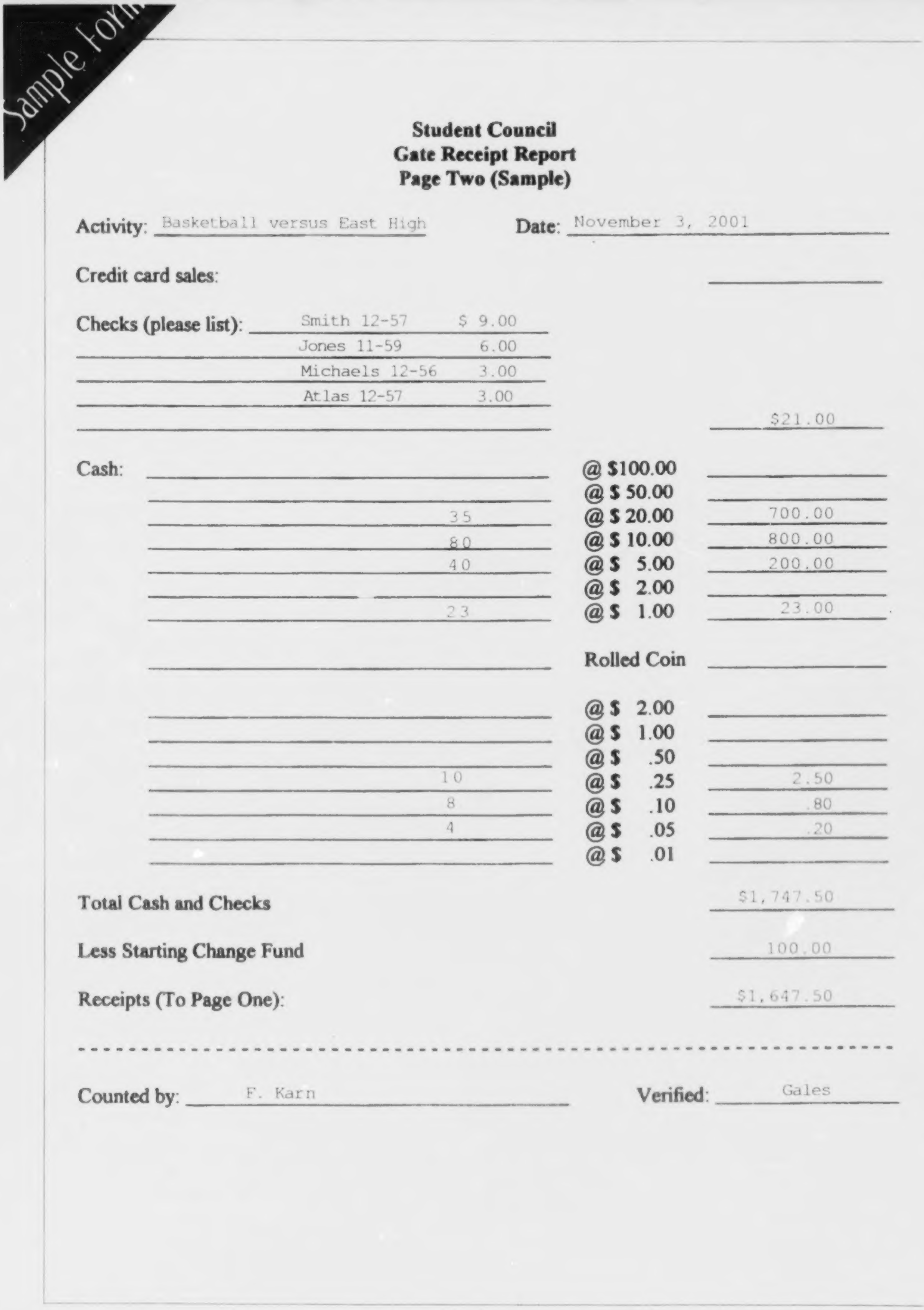
Total Ticket Value: $1,668.00
Total Cash Out (Page Two): 1,647.50
Variance (Over) or Short: 20.50

Explanations: 2 adult tickets (12983, 12976) and 4 student tickets (110827-110830) were mutilated and not sold (attached) for $14.00. Unexplained shortage of $6.50 due to making change.

Seller: Jake
Cashier: Karn
Verified by: Gales **Receipt Number:** Cash Register Attached
Principal/Designee: James **Bookkeeper:** B. Smith

- -

Account Number: 03-00651 **Posted to Ticket Check Out:** 11/4/2001


Sample Form

Student Council
Gate Receipt Report
Page Two (Sample)

Activity: Basketball versus East High **Date:** November 3, 2001

Credit card sales:

Checks (please list):	Smith 12-57	$ 9.00	
	Jones 11-59	6.00	
	Michaels 12-56	3.00	
	Atlas 12-57	3.00	
			$21.00

Cash:		**@ $100.00**	
		@ $ 50.00	
	35	**@ $ 20.00**	700.00
	80	**@ $ 10.00**	800.00
	40	**@ $ 5.00**	200.00
		@ $ 2.00	
	23	**@ $ 1.00**	23.00
		Rolled Coin	
		@ $ 2.00	
		@ $ 1.00	
		@ $ .50	
	10	**@ $ .25**	2.50
	8	**@ $ .10**	.80
	4	**@ $ .05**	.20
		@ $ .01	

Total Cash and Checks	$1,747.50
Less Starting Change Fund	100.00
Receipts (To Page One):	$1,647.50

Counted by: F. Karn **Verified:** Gales

Student Council
Ticket Check Out (Sample)

Description: Orange-Adult

Series: 12001-13000

Date	Issued To	Initials	Numbers Issued	Returned	Initials	Used
10-17-01	Karn	FK	12001-13000	12643-13000	BS	12001-12642
10-28-01	Larson	ML	12643-13000	12947-13000	BS	12643-12946
11-03-01	Jake	JJ	12947-13000	12985-13000	BS	12947-12984

Student Council
Parental Permission to Participate (Sample)

I, Allison Kennedy, grant permission for Jill Kennedy to participate in the following fund raiser:

Meal Value Coupon Books by the Sophomore Class

during May 1, 2001 to May 8, 2001 for the purpose of Raising funds for sophomore class activities and end of year functions.

I understand that all sales become the property of the club or class noted above and are used to further their activities. I also understand that my son/daughter/child is responsible for returning unsold merchandise and all monies collected and that I may be held liable for any missing items or monies.

Allison Kennedy	April 24, 2001
Parent/guardian	Date

Sample Form

Student Council
Store Shift Close Out (Sample)

Activity: Student Store Daily Sales **Name:** Jefferson

Date: March 7, 2001 **Shift:** 2

Credit Sales:

Checks:

Currency:	**100's**		**@ $100**	
	50's		**@ $ 50**	
	20's	4	**@ $ 20**	80.00
	10's	2	**@ $ 10**	20.00
	5's	3	**@ $ 5**	15.00
	2's		**@ $ 2**	
	1's	13	**@ $ 1**	13.00
Coin:	**Rolls**			
	2.00		**@ $ 2.00**	
	1.00		**@ $ 1.00**	
	.50		**@ $ .50**	
	.25	6	**@ $ .25**	1.50
	.10		**@ $ .10**	
	.05	10	**@ $ .05**	.50
	.01		**@ $ .01**	

Less Refunds and Voids	
Total Funds	130.00
Less Cash Paid-outs, Starting Funds, and Non Cash Sales (credit)	50.00
Total Transmitted for Deposit	80.00

Receipt Numbers/Z-Tape Number 0446

Accepted by Bookkeeper: B. Smith

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Sample Form

Student Council
Store Sales Transmittal Report (Sample)

Date: March 7, 2001 **Account:** 01-00106

	Shift 1	**Shift** 2	**Shift** 3	**Shift**	**Total**
Credit Sales					
Checks	10.00				
Cash	60.00	80.00	47.75		187.75
Less Refunds/ Voids					
Total Sales	70.00	80.00	47.75		197.75
Taxes					
Net Sales	70.00	80.00	47.75		197.75

Received by: B. Smith **Date:** March 7, 2001

Student Council
Store Physical Inventory (Sample)

Description	Sell Price	Quantity	Total
Candy Bars	.50	205	102.50
Licorice Ropes	.25	110	27.50
Mineral Water	1.00	48	48.00
Juice Boxes	.50	21	10.50
Snack Packs	.75	54	40.50
Bumper Stickers	1.00	124	124.00
Sweatshirts	25.00	17	425.00
Baseball Caps	10.00	36	360.00

Date of Inventory: April 2, 2001 **Conducted by:** Jefferson/Toy

Sample Form

Student Council
Store Inventory Reconciliation (Sample)

Period: November 2001

Item	Open	Purchases	Ending	Sales	Price	Value
Candy Bars	180	480	200	460	.50	230.00
Licorice Ropes	75	72	122	25	.25	6.25
Mineral Water	0	96	50	46	1.00	46.00
Juice Boxes	0	144	70	74	.50	37.00
Snack Packs	25	108	53	80	.75	60.00
Bumper Stickers	147	0	125	22	1.00	22.00
Sweatshirts	35	0	28	7	25.00	175.00
Baseball Caps	0	72	60	12	10.00	120.00

Total Expected Sales: 696.25

Total Credit Sales and Deposits: 689.75

Over/Short Variance (explain): Short: 6.50

Candy given as prizes for sales contest 12 bars
value $6.00, rest unknown

Prepared by: Jefferson

Date: December 1, 2001

Student Council
Store Markdown Approvals (Sample)

Item	Orig Price	New Price	Reason	Date and Approval
Candy Bars (6)	.50	.00	Prizes for Sales	9/23/2001 HG
Sweatshirt (1)	25.00	15.00	Torn Sleeve	10/15/2001 HG
Candy Bars (12)	.50	.00	Prizes for Sales	11/14/2001 HG
Bumper Stickers (10)	1.00	.50	Faded	12/12/2001 HG

Sample For

Student Council
Store Profit and Loss Statement (Sample)

Period: November 2001

Gross Sales: 689.75

Less Sales Tax:

Net Sales: 689.75

Cost of Goods Sold:* 425.00

Gross Profit: 264.75

Other Expenses:

Labor	50.00
Custodial	12.50
Permits	10.00
Supplies	4.25

Net Profit: 188.00

*** Calculated from:**

(1) Perpetual records, adjusted for physical
(2) Periodic as Beginning Inventory + Purchases - Ending Inventory

Prepared by: Chloe Jefferson **Date:** 12/01/2001

Approved by: Mr. Gleason **Date:** 12/01/2001

Presented to Student Council: 12/17/2001

Sample Form

Student Council
Merchandise Sales Control (Sample)

Items: Candy
Selling Price: $2.00 bar
Period of Sale: 1/10-1/20/01

Date	Student	Initials	Issue	Return*	Sold	$ Rec'd*	Advisor	Office*
1/11/01	Beg Inv		-100					
1/12/01	J Doss	JD	20	0	20	40	Gales	
1/15/01	M Dow	M D	20	10	10	20	Gales	
1/16/01	K Fell	KF	20	0	18	36	Gales	
1/19/01	L Dow	LD	40	1	39	76	Gales	
Totals			0	11	87	172		Smith

* Attach list of students with outstanding merchandise or money or report on student fine report
* Office receipts for each sale or in total attached to this form.

Sample For

Student Council
Merchandise Sales Profit and Loss (Sample)

Club/Class: Happy Trails **Account Number:** 02-00309

Item Sold: Candy bars **Period of Sale:** 1/10/2001-1/20/2001

	Quantity	in Dollars
Beginning Inventory, at Cost	0	0.00
Plus Purchases, at Cost	100	100.00
Less Returns to Vendor, at Cost	0	0.00
Adjustments, at Cost (Free Goods, etc.)	0	0.00
Less Ending Inventory, at Cost	11	11.00
Available for Sale, at Cost	89	89.00
Projected Sales, at Sell Price	89	178.00
Deposited Sales	87	176.00
Variance - (Over) Short	2	6.00

Explanation of variances: K. Fell issued 20 candy bars, returned sales for 18 bars ($36), still has two bars outstanding - will recover or issue a fine for $4.00. L. Dow sold 39 bars but only turned in money for 38 bars - $76 ($2 short), will issue student fine for $2.00.

Prepared by: Mike Johnson **Date:** 1/21/2001

Approved by: B. Smith **Date:** 1/21/2001

Presented to Student Council: 1/24/2001

ample Form

Student Council
Student Fine Report (Sample)

Please issue a student fine for the following students:

Name	Amount	Reason
K Fell	$4.00	Happy Trails Candy Sale
L Dow	$2.00	Happy Trails Candy Sale

Prepared by: G. Gales **Date:** 1/31/2001

Fine Recorded: B. Smith **Date:** 2/28/2001

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Expenditures, Purchases and Payables

Student body funds are spent to benefit the students. They are spent either to purchase items for fund raising or to provide goods and services to the student body. The monies should be spent in accordance with their bylaws and school board rules and regulations.

There are many methods of expending student funds. Students and staff often pay for small dollar items with their own money and are reimbursed through petty cash. Small purchases are usually handled through local or school purchase orders, or paid directly with a school check. Larger orders are often placed through a formal purchase order process and the largest orders may follow school board bidding or contracting policies. Hiring outside labor may be handled through a purchase order or some other form such as a service order to identify the recipient for tax reporting purposes. School staff are hired through the payroll system and paid overtime or hourly as their employment contract provides. Today's environment allows for the use of a procurement card for specified purchases and may be mail ordered or purchased over the World Wide Web.

A discussion of procedures and controls for purchases of goods, as well as other types of expenditures, follows.

Purchase Order for Goods

A simple purchase of goods process would follow these transactions:

1. Student group requests expenditure of available funds (if no funds are available they would have to request a funds transfer first).
2. Student group prepares a Requisition and Request for Expenditure.
3. Group advisor approves.
4. Student council reviews and approves expenditure request.
5. Purchase order prepared and approved (by school or central purchasing office).
6. Group funds encumbered for amount of order.
7. Purchase order sent to vendor, copy to accounting (bookkeeper) and copy to receiver.
8. Goods are received, receiver verifies that the goods were correct quantity and good condition, sends receiving report to accounting (bookkeeper).
9. Invoice received from vendor, checked for accuracy.
10. Invoice matched to purchase order and receiving report.
11. Encumbrance reversed and account payable created, expenditure charged to group.

12. Check prepared for invoice payment, approved.
13. Check distributed and posted.

Given the cumbersome process of requests and authorizations, the purchasing process is often circumvented, leaving the student group and student council exposed. Manipulation of funds and misappropriation of student council assets (cash) could occur without adequate checks and balances. Areas of concern and concentration include:

- The purchasing process should be separated for the receiving of goods and the payment of the invoice.
- The purchased amount should be within the group's appropriation unless funds are transferred from another group.
- School purchase orders (orders prepared at the school) should be within authorized limits and full utilization of central purchasing resources should be encouraged.
- Expenditures should be for student purposes only as authorized by the student council and school board.
- The council should have a conflict of interest policy that addresses students and staff and their roles in vendor companies.
- The use of cash for awards and incentives should be discouraged.
- Purchase orders used for field trips should specify terms and conditions.
- Blanket orders to cover ongoing activities should have transaction limits, names of individuals authorized for purchases, and periodic reporting requirements.
- Councils and advisors should approve the authority for expenditure and the actual payment of the invoice or delegate to the council treasurer the authority for payment with monthly summaries provided to the council.
- Expenditures should be limited to current year appropriations to avoid committing future student councils.

Competitive Bids and Contracts

School boards normally have requirements that certain levels of purchases are subject to formal bidding and contracting. This information should be made available to individual student councils. If the council anticipates certain expenditures to exceed the competitive bid requirements, additional time should be allowed for the process to take place. For example, if the school board decides to competitively bid basketball uniforms, the council should submit their approved request to the board with enough time for the bid and bid award process and delivery of uniforms to take place prior to the start of the season. Although competitive bidding does require additional time and planning, it often saves substantial monies for councils to use on other activities.

Petty Cash

Petty cash is used for small dollar purchases. Staff or students may pay for supplies, postage and other small purchases and are reimbursed from petty cash. Some schools authorize advances from the petty cash fund with receipts and unused cash returned. Types of purchases and dollar limits should be established. Receipts should be turned in at the time of reimbursement and as soon as possible after the expenditure. The student council should authorize petty cash expenditures as they do all expenditures. Receipts should be required for all expenditures.

Reimbursements

Student councils and school boards may choose to allow students and staff to incur and pay for expenditures with their own funds and then seek reimbursement. These most likely include travel, mileage, and meeting expense. Reimbursements may also be allowed for purchases of goods. Extra care should be taken to ensure that reimbursed purchases are authorized in advance and are limited to items that are not subject to bid or contract requirements. Complete documentary support should be required before students or staff are reimbursed.

Procurement Cards and Debit Cards

The use of procurement cards has become a favorite way for student councils to handle small purchases. Procurement cards are credit cards that have encoded security features and allow for ease of purchase. Features to consider when implementing procurement cards include:

- transactions can be limited or restricted for dollar amount per transaction, dollar amount per day, dollar amount in total, by user, or by type of vendor;
- a system of matching receipts and bank charges needs to be added to the payment process;
- additional data entry may be required to record accounting by transaction;
- purchases should be authorized in advance; and
- cards should be safeguarded and checked-in and out to users.

A typical procurement card purchase may follow the process outlined below.

1. The student council authorizes a purchase of supplies for a junior class dance.
2. The junior class advisor checks out the procurement card for the purchase.
3. The junior class advisor purchases supplies and provides the vendor with the procurement card.
4. The vendor charges the account and provides a receipt to the advisor.
5. The advisor returns the card to the bookkeeper and provides the receipt.
6. The bookkeeper logs the receipt and records the accounting information.
7. The statement is received by the bank and matched to the log and receipts.
8. The statement is reviewed and approved by the student council and the principal.

Debit cards have also grown in use. Debit cards are used in place of checks and accepted at several retail locations. They can also be used at automatic teller machines as can procurement cards if authorized. The use of debit cards should be strictly controlled. Access to the card and documentation of the use should be required. Reconciliation of card activity should be performed by someone other than the user. Expenditures should be authorized in advance by the student council.

Purchase Order for Services

In addition to purchasing goods, student councils need to procure services on a regular basis. Examples of purchased services could be chaperones for dances, ticket sellers for games, bands for dances, coaches and advisors for activities, and consultants for a service. Some of these individuals are employees of the school board and additional work would be processed through payroll, (see next section). Others are hired for a specific activity. If hiring non-employees to perform a service, controls should be in place for the following:

- get student council approval in advance of commitment,
- ensure that the person hired is an independent contractor, not an employee,
- check references,
- obtain business registration or social security information,
- clearly delineate what is required and when it is required of the independent contractor,
- assign someone the responsibility of making sure services are performed,
- avoid prepaying for the services unless refunds are allowed,
- determine whether the contractor/consultant or the student council is responsible for set-up, clean-up and miscellaneous supplies, and
- critique and report back to the student council for future reference.

Payroll

If the additional work is performed by a school employee, the student council or club sponsoring the event should follow school board protocol for additional hours. Pre-authorization by the student council and sometimes by central payroll or human resources is required. Time sheets should be kept, approved and forwarded to the payroll office. Student councils should be sure to allow for benefits and other costs associated with payroll and payroll processing.

Accounts Payable

At the conclusion of the requisition-purchase order-receipt cycle is the receipt of the invoice and the generation of the accounts payable. The invoice is scheduled for payment depending upon its terms and how often the school or central accounts payable processes payments. The accounts payable process is a detailed process that needs to be well controlled. Key issues include:

- Accounts should only be paid based on original invoices, not copies or vendor monthly statements.
- All original invoices should be canceled or stamped "paid" to ensure they will not be paid again. All accompanying material (receipt, purchase order, packing slip, etc.) should also be canceled.
- The invoice should be verified as to accuracy, prior to payment. Proper accounting code distribution should be recorded.
- Invoices should be paid timely to avoid late charges and to take advantage of discounts wherever applicable. Invoices carrying the terms 2%/10 days, net 30 days, provide annual returns to the student council of 37%; 2% at 20 days for a year based on 98% payment, (2% x 365 / 20) / 98%.
- Avoid using miscellaneous accounts for charges.

- Follow all credit memos to original invoice.
- Approve all payments before distribution.
- Separate duties of preparing invoice for payment and mailing check.
- Record all unpaid invoices at the end of the month.
- Reconcile all outstanding invoices monthly.

Policies and Procedures

The school board and student council should establish policies and procedures over expenditures, purchases and payables. They should address:

- use of local purchase orders, reimbursements, and petty cash,
- rules, limits and restriction on use of procurement and debit cards,
- requirements for competitive bids,
- establishment of dual signatures for checks,
- separation of receiving from ordering,
- prohibited transaction and avoidance of conflicts of interest,
- use of funds for student purposes only,
- cash awards and incentives, and
- use of outside labor for services and contracting requirements.

Internal Controls/Key Control Points

The purpose of an internal control system is to ensure compliance with applicable laws and regulations, maintenance of reliable records for financial and managerial reporting, safeguarding of assets (people, information and equipment/buildings) and promotion of effective and efficient operations. The system of internal controls should encompass the operating environment, identification and mitigation of risks, specific control activities, communication of critical information, and feedback for improvement. Within this system of internal control are key procedures and points that need to be established to meet the control objectives. Listed below are key control points for expenditures, purchases and payables.

Duties and responsibilities are defined and separated. There are two critical areas where duties should be separated. The first is to separate the responsibility for ordering items and receiving items. This provides a check over the accuracy and the true existence of the goods ordered. It is also important to separate the creation of a check for payment from the actual distribution of the check. Once accounts payable has created the check, someone independent from them should handle the distribution. Allotting enough staff to separate these functions, increasing supervisory responsibility and monitoring the budget is critical.

Written procedures exist for recording transactions and for identifying receipts and expenditures. Procedures should identify the types of allowed expenditures, the requirements for authorization, and methods of acceptable purchasing. Clubs, classes and student councils should compare actual charges to the charges approved prior to the expenditure.

The accounting system provides for accumulating revenues and expenditures for comparison with budget. Budgets, by expenditure, are created when the club or class ask student council for authority to expend funds. Actual charges should be matched against the approved amounts and variances researched. In addition, overall appropriations are matched on a regular basis to actual expenditures and outstanding encumbrances.

Policies are established for controlling expenditures and are established for approving financial transactions and operations. Student council has the responsibility to make sure that clubs, classes or advisors do not commit the school without proper approval.

Financial reports are available as needed. Monthly budget reports should reflect all expenditures and encumbrances. Additionally, all clubs and classes conducting fund raisers and activities should report financial results to the student council.

Audit Procedures

A sample internal audit program over expenditures, purchases and payables is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for expenditures, purchases and payables is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

The sample forms that are included at the end of this chapter for expenditures, purchases and payables are: Requisition, Purchase Order, Service Order, Receiving Report, Petty Cash Voucher, Petty Cash Reconciliation, and Petty Cash Reimbursement. Blank forms for photocopy and use are provided at the end of this book.

Control Self Assessment

Expenditures, Purchases and Payables

Control Area	Yes/No	If no, explain how controlled
Do job descriptions or lists of defined duties pertaining to expenditures, purchases and payables requirements exist for: - School Bookkeeper? - Student Treasurer? - Other Student Council Members? - Administrators and Advisors? - Central Office Staff? —		
Are funds spent to benefit students and in accordance with bylaws, school board rules, and regulations? —		
Are all requests for expenditures prepared in advance of the actual expenditure and approved by student council? —		
Are requisition, pre-numbered purchase orders, or some other system in place to document what is being purchased and the amount? —		
Are club or class funds encumbered upon placement of order? —		
Are invoices verified for accuracy and matched to receiving reports prior to payment? —		
Is the receiving of goods separated from the ordering? Is the distribution of the check separated from the calculation and creation of the payable? —		
Are all purchase commitments checked against available appropriations prior to issuing the order? —		
Does the student council have a conflict of interest policy addressing student and staff ownership or interest in vendor companies? —		

Control Self Assessment [continued]

Expenditures. Purchases and Payables

Control Area	**Yes/No**	**If no, explain how controlled**
Are competitive bids used as required?		
Are petty cash reimbursements made only from approved expenditures and with appropriate receipts? Are petty cash funds reconciled on a monthly or as reimbursed basis?		
Are direct payments by students and staff that are reimbursed properly approved and limited to amounts approved in advance?		
If procurement cards or debit cards are used, is there a process in place: - to secure the cards? - to check out cards? - to require receipts on all purchases? - to preauthorize the purchases? - to match the purchases to the bank statement? - to apply correct accounting to charges?		
Are procedures established for purchases of outside services requiring preauthorization, statement of deliverables and verification of services rendered?		
If school staff are hired for extra work, does the system allow for authorization of work by student council? For compliance with collective bargaining agreements? For accounting distribution to clubs and classes?		
Are all payments on accounts payable made only on original receipts and invoices? Are original copies marked to prevent duplicate payments?		
Are invoices verified for accuracy and matched to receiving reports?		
Are credit memos traced to original invoices?		

Control Area	Yes/No	If no, explain how controlled
Are credits and discounts taken where appropriate?		
Are payments approved prior to distribution?		

Sample Form

Student Council
Requisition (Sample)

Name of Club/Class/Account: Happy Trails 02-00309

Date: October 14, 2001

Submitted by: Micheal Ames

Title: Club VP

Advisor: George Gales

Description of Goods or Services to be Purchased: (include purpose, date and beneficiary), if fund raiser attached supplement

Happy Trails is sponsoring a homecoming dance for all previous classes on November 16. We expect to hire a band for the dance and pay for refreshments and decorations. There will be no charge for the dance. Funds are expected to come from other fund raisers. Expected costs are band $1,000, refreshments $500 and decorations $75.

Amount of Funds requested, if any: $1,575

Source of Funds: Club Fund Raisers

Repayment Plans, if any: N/A

Names of Adult Supervisors at Activity (chanerones, custodians, etc.):

Mr. Gales, Mr. James, Ms. Smith

- -

Approved/Not Approved: Approved

Motion: Hoffman

Council Minutes Dated: 10/15/2001

Seconded: Kennedy

ASB President: Johnson

ASB Secretary: Madison

Principal/Designee: James

Bookkeeper: Smith

- -

Activity: Homecoming Dance

Date Scheduled: November 16, 2001

Route to: Custodial

Bookkeeper

Student Council
Purchase Order (Sample)

Number 0001

Date: October 15, 2001

Club/Class Account Number: Happy Trails 02-00309

Vendor:
Paper Paper Paper
123 Main Street
Centerville, IL 12345

Bill/Ship to:
Medowdale High School
345 High School Road
Meadowdale, IL 12345
Mark For: Mr. Gales

Units	Measure	Description	Unit Price	Extended Price
5	Rolls	Decorative paper, red	12.00	60.00
5	Rolls	Decorative paper, white	12.00	60.00
1	Each	Banner	35.00	35.00
		Tax, Shipping and Handling		12.00
		Total		167.00

Sample Form

Student Council
Service Order (Sample)

Number 0001

Date: October 15, 2001

Club/Class Account Number: Happy Trails 02-00309

Vendor:
Goin Wild
572 First Street
Meadowdale, IL 12345

Bill/Ship to:
Meadowdale High School
345 High School Road
Meadowdale, IL 12345

Business Identification #: 333-33-3333

Vendor Signature: John Happening

Service to be Performed: Band for homecoming dance. Band is responsible for setting up and clean up and equipment, including sound system. Band provides music on November 16, 2001. Music performed 7:30 p.m. to 11:30 p.m. with 10 minute breaks every hour.

Date of Service: Nov. 16, 2001

Fee: $1,000

Terms of Payment: Payable in full at end of dance

Serviced Verified by: George Gales

Date: November 16,2001

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Number 00001

Student Council
Receiving Report (Sample)

Date Ordered: October 15, 2001

Club/Class Account Number: Happy Trails 02-00309

Vendor: Paper Paper Paper
123 Main Street
Centerville, IL 12345

Bill/Ship to: Medowdale High School
345 High School Road
Meadowdale, IL 12345
Mark For: Mr. Gales

Units	Measure	Description	Number Received	Condition
5	Rolls	Decorative paper, red	5	Good
5	Rolls	Decorative paper, white	5	Good
1	Each	Banner	1	Good

Date Received: October 21, 2001

Received by: Goerge Gales

ample Form

Student Council
Petty Cash Voucher (Sample)

Number 00001

Date: October 20, 2001 **Amount:** $12.41

Club/Class Account Number: Happy Trails 02-00309

Item Purchased: Paper cups and plates for Homecoming Dance

Approved by: Smith **Received by:** George Gales

Sample Form

Student Council
Petty Cash Reconciliation (Sample)

Date: October 31, 2001

Account: 50-00503

Cash:		@ $100.00	
		@ $ 50.00	
		@ $ 20.00	
	1	@ $ 10.00	10.00
	1	@ $ 5.00	5.00
		@ $ 2.00	
	4	@ $ 1.00	4.00
		Rolled Coin	
		@ $ 2.00	
		@ $ 1.00	
		@ $ .50	
	10	@ $ .25	2.50
	4	@ $ .10	.40
	1	@ $ .05	.05
	4	@ $ .01	.04
Total Cash			21.99
Reimbursements in Transmittal	10/15/2001		15.60
Vouchers, Not Reimbursed	021501		12.41
Total			50.00

Prepared by: B. Smith

Verified by: James

Student Council
Petty Cash Reimbursement (Sample)

Date: November 5, 2001

Number	Date	Description	Account	Amount
021501	10/20/2001	Paper cups and plates for Homecoming dance	02-0309	12.41

Total to be Reimbursed $12.41

Prepared by: Smith

Approved by: James

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Inventories

Student councils have responsibility to effectively manage inventory of assets held for resale and assets held for use. This chapter discusses controls over inventories subject to resale and the next chapter discusses long term assets and equipment.

Although the types of items held for resale may vary significantly (candy to books), the controls over the goods are similar and relate to items held for a one-time sale or items held for on-going sales. One-time sales include inventories held for a short period of time and unsold items can often be returned to the vendor. These sales include candy and coupon books. On-going inventories are kept at schools in student stores and concession stands. They are subject to additional controls. Many of the issues pertaining to control over sales of inventories are addressed in detail in the chapter discussing sales, revenues and receivables.

One-Time Versus On-Going

For one time sales, the results of sales efforts and the profitability of the fund raiser can be determined with a financial statement at the conclusion of the fund raiser. The results will also identify any problems over inventory controls. Controls over receipting and storing goods and issuance to staff and students are required. Limiting the fund raiser to a shorter duration protects the perishable nature of some goods and helps safeguard the inventory. By reviewing the number of items issued and number of items still on hand, the sponsor can quickly determine any losses and any items to be returned.

On-going sales require additional controls. In addition to the controls over receipting and storing goods, on-going sales need procedures in place to manage the operation. Differences between the on-going and one-time sales and additional controls are listed below.

1. One-time sales are usually for one item with one selling price. On-going sales usually combine several items for sale with different selling prices and markups. Averages or gross profit ratios need to be developed for on-going sales to test the reasonableness over inventory controls.
2. On-going sales usually include restocking merchandise for sale. This requires some planning for reordering, based on demand, and rotation of stock. One-time sales are usually purchased and then sold in their entirety, with the excess being returned to the vendor. Unsold merchandise in on-going sales is usually marked-down for quicker sale, sometimes at or below cost, requiring documentation and approval of price changes.

3. On-going sales requires a method for inventorying and comparing on-hand (actual) inventory to expected (book) inventory. One-time sales start and end with zero inventory while an on-going activity normally has both beginning and ending inventories that need to be taken into consideration.
4. Missing inventory can sometimes be identified to a student or staff member in one-time sales. A student fine or receivable can be established to collect the sales revenues. With on-going activities, inventory losses are more difficult to assign and require review of variances and analysis of alternatives to protect the inventory.

Perpetual Versus Periodic

Inventories can be tracked by the student council and sponsor group through either of two methods: perpetual or periodic. The perpetual method involves recording each receipt and each sale by type or classification of item being sold. The "book" inventory number is compared to actual inventory on a regular basis and differences analyzed. The periodic method involves using actual physical inventories and comparing them to calculated inventory based on purchases and sales. The sales, revenues and receivables chapter provides guidance on pursuing this process. In either case, regular physical inventories over on-going sales should be required.

Markdowns and Markups

Students need to establish selling prices for items that generate sales and maximize profits. Often prices are set based on the vendor's (wholesaler's) suggested price. Some are set based on market prices and others are set based on desired profits. In all cases, initially set prices may not yield the desired results and may require changes. Inventory systems, especially periodic inventories, require tracking sales and converting sales to cost. The timing of price changes need to be documented to better track sales at cost. Markups are rarer than markdowns and are the result of underpricing. Markdowns can be from overpricing, slow moving goods or damaged goods. All price changes should be documented and approved.

Inventory Variances

Actual physical inventories should be taken on a regular basis. The frequency of the count varies with the volume of transactions and past inventory control problems. Some school boards and student councils require annual inventories, some quarterly and others monthly. Given the exposure to inventory loss, physical counts performed at least monthly seems reasonable. If the school is using a perpetual inventory system, then the physical inventory is compared to the book inventory, variances are analyzed, changes reported and authorized, and the perpetual inventory records updated. If a periodic inventory system is used, after allowing for markups and markdowns, and factoring in gross profit, physical inventories are compared to the calculated inventory. Again, variances are analyzed, changes reported and authorized, and the ending inventory account updated. Student councils should review inventory losses over time to detect if the trend is for increased losses. Corrective action should be taken to ensure maximum profitability.

Policies and Procedures

The school board and student council should establish policies and procedures over inventories that address:

- receipt and safeguarding of merchandise for resale,
- rotation of stock and approval of reordering,
- authorization for markups and markdowns,
- frequency of physical inventories,
- use of perpetual or periodic inventories,
- reporting of inventory variances, and
- authorization to update inventory record.

Internal Controls/Key Control Points

The purpose of an internal control system is to ensure compliance with applicable laws and regulations, maintenance of reliable records for financial and managerial reporting, safeguarding of assets (people, information and equipment/buildings) and promotion of effective and efficient operations. The system of internal controls should encompass the operating environment, identification and mitigation of risks, specific control activities, communication of critical information, and feedback for improvement. Within this system of internal control are key procedures and points that need to be established to meet the control objectives. Listed below are key control points for inventories.

Duties and responsibilities are defined and separated. Responsibility for receiving goods should be separated from ordering. The responsibility for taking a physical inventory should separated from the sellers of the merchandise, or at least verified by two individuals. Inventory reconciliations should be independently prepared and submitted to the student council.

Written procedures exist for recording transactions and for identifying receipts and expenditures. All changes to inventory (gains or losses) should be approved by the student council prior to recording.

The accounting system provides for accumulating revenues and expenditures for comparison with budget. An allowance for inventory shortages should be included with a budget for operation of the activity. The actual shortages should be compared to the budget.

Policies are established for controlling expenditures and are established for approving financial transactions and operations and financial reports are available as needed. The student council should approve inventory reconciliations on a regular basis.

Audit Procedures

A sample internal audit program over inventories is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for inventories is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

Included at the end of this chapter are sample forms for Physical Inventory, Perpetual Inventory Card, Inventory Reconciliation – Periodic, and Inventory Variance Report. Blank forms for photocopy and use are provided at the end of this book.

Control Self Assessment

Inventories

Control Area	**Yes/No**	**If no, explain how controlled**
Do job descriptions or lists of defined duties pertaining to inventory requirements exist for: - School Bookkeeper? - Student Treasurer? - Other Student Council Members? - Administrators and Advisors? - Central Office Staff?		
Are inventories held for resale safeguarded from loss and deterioration?		
Are procedures in place regarding authorization for reordering and restocking goods, including rotation of stock and economic order points?		
Are all inventories tracked by either periodic or perpetual methods?		
Are independent physical inventories taken on a regular basis and compared to book or calculated inventories?		
Are all identified inventory variances, both gains and losses, researched and submitted to council for authorization?		
Are book inventories updated on a timely basis based on physical counts and approved changes due to analysis of variances?		
Does the council have procedures for initiating and authorizing markups and markdowns that require explanation?		
Are sales activities reviewed on a regular basis for profitability and price changes made as warranted?		
Are inventory losses and gains by sales activity tracked over time to ensure corrective action is taken as required?		

Sample For

Student Council
Physical Inventory (Sample)

Date: March 31, 2001

Activity: Athletic Office Clothing

Item	Count	Sell Price/Cost	Extension
T Shirts	100	8.00	800.00
Shorts, Navy	40	8.00	320.00
Shorts, White	42	8.00	336.00
Socks	20	2.00	40.00
Sweatshirt, Crew	10	25.00	250.00
Sweatshirt, Hooded	8	35.00	280.00

Total: 2,026.00

Prepared by: B. Smith

Approved by: J. Jake

Student Council
Perpetual Inventory Card (Sample)

Item: Shorts, Navy

Unit: Each

Date	Description	In	Out	Balance
1/6/2001	Receipt, PO 20015	100		100
1/15/2001	Sales, Z 7875		10	90
1/31/2001	Physical Inventory, No Adjustment			90
2/15/2001	Sales, Z 7876		25	65
2/28/2001	Physical Inventory, No Adjustment			65
3/15/2001	Sales, Z 7877		24	41
3/31/2001	Physical Inventory, Adjustment, See Shorts, White		1	40

Sample Form

Student Council
Inventory Reconciliation - Periodic (Sample)

Date: February 28, 2001

Activity: Swim Team Consession Stand

Description	At Retail	At Cost
Beginning Inventory as of 1/31/01, at Cost		165.00
Purchases, at Cost		240.00
Goods Available for Sale, at Cost		405.00
Sales, at Retail		
Sales Markdowns, at Retail	630.00	
Sales Markups, at Retail	0	
Adjusted Sales, at Retail and Cost	0	
Calculated Inventory as of 2/28/01, at Cost	630.00	
Physical Inventory as of 2/28/01, at Cost		
Variance - Over (Short), at Cost		

Explanation: One case of pop, cost $2.99, was given to softball team for resale. Please apply credit to Swim Team account.

Prepared by: C. Jefferson

Approved by: Ms. Larson

Submitted to Student Council: March 1, 2001

Sample Form

Student Council
Inventory Variance Report (Sample)

Date: March 31, 2001

Activity: Athletic Office Clothing

Item	Physical	Book	Diff	Cost	Extension
Shorts, Navy	40	41	-1	4.00	-4.00
Shorts, White	42	41	-1	4.00	4.00

Total: 0

Explanation: Posted sale of white as navy short during March sales. Cost same. Perpetual records adjusted.

Prepared by: B. Smith

Approved by: J. Jake

Submitted to Student Council: March 13, 2001

7

Equipment and Fixed Assets

Equipment, furniture and other fixed assets do not normally represent significant monies or investments for student councils but are the results of past expenditures, are used to generate profits or carry out the mission of the council, and need to be subject to appropriate controls. The concept of cost-benefit is important with fixed assets. The council would not want to spend more to control an asset than it cost. It is not good business practice to spend $1,000 for a security system to control a $200 cash register. It is good business practice however, to secure the register when not in use and to identify it as belonging to the student council. This chapter discusses necessary controls over furniture and equipment, knowing that the benefit of the control should be matched against the cost.

Authority for Purchase

Like all other purchases, prior approval by the student council should be required before any furniture or equipment is purchased. School boards may have additional requirements if assets are to be purchased. The authority for the purchase should also indicate any continuing maintenance agreement, if one exists.

Identification of Asset

The student council and school board should predetermine the difference between fixed assets or supplies classification. If the purchase qualifies as an asset, according to student council and school board rules, then specific identification is required. Depending on the accounting treatment of student activity funds, the furniture or equipment may be capitalized, subject to depreciation, or scheduled as part of the general fixed asset account group. The item should be marked with a tag, bar code, or some other device. The tag or bar code should be cross referenced in a data base that includes information about the furniture or equipment. That information should include:

- description of the item,
- serial number,
- model number,
- cost,
- date of purchase,
- owner (club or class),
- condition,
- location (gym, auditorium, etc.), and
- reference number (bar code).

Types of furniture and equipment common to student councils are computers and computer peripherals, cash registers, store equipment, snack bar equipment, athletic equipment, sound systems, scoreboards, audio-visual equipment, and vehicles. Unique clubs and classes may own other items. For example, a horticulture club may have greenhouses and a debate club may own speaker podiums.

Maintenance and Warranties

Often equipment comes with maintenance agreements and basic and extended warranties. Some of these features are offered as part of the purchase price, others for an annual fee. The annual fee cost should be compared against the benefit received before committing funds. Also, consider the implications on future student councils of agreeing to long term maintenance agreements. In all cases, make sure that all terms, conditions and commitments are in writing and reviewed and approved by the student council. Any future needed repair work should be reviewed by the student council to determine if the maintenance agreement or warranty covers the cost, prior to authorizing expenditures.

Depreciation

Depending on the procedures required for the accounting of student activity funds, the council may be able to depreciate the costs of the asset over its useful life. The easiest method is referred to as the straight-line method. This allows for the depreciation of the non-recoverable cost over the life of the asset on an equal distribution. Other methods are available that allow depreciation to be accelerated or matched to productive output. The council should adopt school board approved polices and practices for depreciation and should provide for tracking current systems.

Other

Some of the other issues that student councils and advisors should consider in controlling fixed assets are listed below.

- A system of disposing or declaring assets as surplus should be established. Documentation of authority to sell or surplus, remove from the list, and trace the disposal value should all be required.
- Adequate insurance should be in place to cover any losses of assets. If the school has a self insurance policy or outside policy with a deductible, funds may need to be reserved to help the council replace lost assets. A system to report lost assets to appropriate personnel should be established.
- Periodic physical inventories should be taken and matched against lists. All differences should be investigated prior to the write-off of missing assets.

Policies and Procedures

The school board and student council should establish policies and procedures over equipment and fixed assets that address:

- authorization for purchase,
- level of purchase for capitalization/tracking,
- method of depreciation,

- allowable maintenance terms,
- level of required insurance and reserves,
- frequency of physical inventories, and
- requirement of reporting losses.

Internal Controls/Key Control Points

The purpose of an internal control system is to ensure compliance with applicable laws and regulations, maintenance of reliable records for financial and managerial reporting, safeguarding of assets (people, information and equipment/buildings) and promotion of effective and efficient operations. The system of internal controls should encompass the operating environment, identification and mitigation of risks, specific control activities, communication of critical information, and feedback for improvement. Within this system of internal control are key procedures and points that need to be established to meet the control objectives. Listed below are key control points for equipment and fixed assets.

Duties and responsibilities are defined and separated. Purchasing segregation is the same as any other expenditure. Physical inventory should be independent of the custodian of the asset.

Written procedures exist for recording transactions and for identifying receipts and expenditures. Procedures should address capitalization and authorization as well as depreciation policy.

The accounting system provides for accumulating revenues and expenditures for comparison with budget. Budgets should include requests for appropriations for equipment, furniture and maintenance. Actual costs should be compared to budgets and differences analyzed.

Policies are established for controlling expenditures and are established for approving financial transactions and operations. Student councils and school boards should establish guidelines and rules for the purchase of furniture and fixtures.

Financial reports are available as needed. Asset listings and depreciation schedules should be prepared at least annually and presented to the student council. Any missing assets should be identified and the reason for loss explained.

Audit Procedures

A sample internal audit program over equipment and fixed assets is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for equipment and fixed assets is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

Sample forms for Equipment and Furniture Listing and Depreciation Schedules are included at the end of this chapter. Blank forms for photocopy and use are provided in the Appendix.

Control Self Assessment
Equipment and Fixed Assets

Control Area	**Yes/No**	**If no, explain how controlled**
Do job descriptions or lists of defined duties pertaining to equipment and fixed asset requirements exist for: - School Bookkeeper? - Student Treasurer? - Other Student Council Members? - Administrators and Advisors? - Central Office Staff?		
Do student council or school board policies and procedures exist for: - determining supply versus equipment? - classification and depreciation method, if any?		
Is all equipment and furniture tagged or bar coded and information recorded?		
Do insurance plans or reserves adequately allow for the replacement of lost assets?		
Are independent physical inventories taken on a regular basis and compared to current lists? Do lists include serial number, model number, cost, owner, and location?		
Are items no longer of use identified for possible sale or disposal?		
Are maintenance agreements and warranties in writing and reviewed by the student council prior to the authorization of expenditure?		
Are all identified inventory losses researched and reported to required authorities?		
Are all sales or disposals recorded and cash proceeds identified and timely deposited?		

Student Council
Equipment and Furniture Listing (Sample)

Bar Code Number	Description	Serial Number	Model Number	Date of Purch	Cost	Owner	Loc	Cond
06105	PC Complete	128890	333TI	1/2000	1,500	Cncl	Gym	Good
06106	PC Complete	128891	333TI	1/2000	1,500	Cncl	Gym	Good
06109	PC Complete	128894	333TI	1/2000	1,500	Cncl	Gym	Good
07122	Popcorn Mch	35477	EZ Pop	1/2001	850	Cncl	Store	Fair
07123	Hot Dog Mch	00125A	124 Dlx	1/2001	300	Cncl	Store	Fair
07124	Cooler	DFE000	ServeA	1/2001	2,500	Cncl	Store	Good

Last Update: 12/31/01 **Updated by:** B. Smith **Approved by:** James

Student Council
Depreciation Schedule (Sample)

Bar Code Number	Desc	Date of Purch	Exp Life	Cost	Salv Val	Dep Base	Dep to Date	Cur Dep	Tot Dep	Net Value
06105	PC	1/00	3	1,500	0	1,500	500	500	1,000	500
06106	PC	1/00	3	1,500	0	1,500	500	500	1,000	500
06109	PC	1/00	3	1,500	0	1,500	500	500	1,000	500
07122	Ppcrn	1/01	4	850	50	800	0	200	200	650
07123	H Dog	1/01	3	300	0	300	0	100	100	200
07124 .	Coolr	1/01	5	2,500	500	2,000	0	400	400	2,100

Last Update: 12/31/01 Updated by: B. Smith Approved by: James

8

Financial Statement Preparation and Reporting

Financial statements help measure student council performance. They provide a current status of account balances, comparisons to budgets, and results of planned activities. Financial statements discussed in this chapter include a full range from club status to activity reconciliations to budgets to formal quarterly and annual results. The key to the success of any student council is to be aware of financial constraints and results at all times. Controls over financial statements should address accuracy, completeness and timeliness. A good accounting structure sets the framework for all other accounting and budgeting activity.

Accounting Framework

An accounting structure needs to be established that allows for keeping track of expenditures and revenues in detail and to combine and summarize information for reporting purposes. Normally each club, class, activity and account is assigned an account number. All transactions, including budgets, are matched to that account number. Accounts that share common information are summarized together for reporting purposes. For example, a school may establish three cash accounts: checking, petty cash and change funds. For reporting purposes, the three can be combined to disclose total cash. Similarly clubs and classes might have common tracking, for example, all costs for athletics may be shown as one number. A framework should be designed to allow for the detail reporting needed by advisors and students, but provide for summarizations for student councils and school boards.

Budgeting

The accounting cycle starts with the preparation of the budget. About the time one school year starts, planning for the next school year begins. There are many successful budgeting processes for student activity funds. The challenges come from a graduating and transitioning student body and potential changes in staff and advisors. Often planning for the next year is done by the current year's clubs and classes that are made up of students that will graduate. It makes sense to have newly elected club and class members and new student councils affirm budgets as they begin the new year. A budget flow may look like the following:

1. Advisors and students for clubs, classes and activities are provided historical information on past budgeted and actual revenue and expenditures.
2. The groups put together a plan for activities and fund raisers to estimate budgets for sources of funds and needs.

3. The group prepares a budget request form and submits it to the student council for approval.
4. After approval, the bookkeeper combines all individual budget forms into a student council budget request.
5. The student council and principal review and approve the budget.
6. The budget request is sent to the school board, if required, for approval.
7. The school board holds required public hearings and adopts the budget, notifying the student council.
8. The student council notifies each group that their individual budgets have been approved.
9. The new school year starts and the groups and student council affirm the budgets.
10. Activity is monitored and budget revisions are prepared and approved as needed.

Financial Results by Activity

As discussed in detail in the chapter pertaining to sales, revenues and receivables, financial results of each activity held is critical to the success of the group and overall student body. The results help identify problems in pricing, uncollected sales, inventory losses, and selecting inappropriate fund raisers. The financial results, prepared by the group, and submitted to the student council also provide checks and balances by separating the bookkeeping and accounting responsibilities. Student councils should require financial results for each activity before authorizing clubs and classes to start another.

Financial Results by Club or Class

Many clubs or classes conduct more than one activity a year. While financial results by activity provide analysis of a particular fund raiser, it may not provide enough information to the students or advisor of a club or class. They need to know the financial status of the club or class. For example, suppose the cheerleaders planned a trip to a summer cheerleader camp. They may conduct several fund raisers during the year to pay for transportation, camp fees, food and lodging. During the course of the year they would want to track their progress towards raising enough funds for their trip. The need for current and accurate information is obvious.

Financial Statements for Student Council

Student councils will review and approve budgets and financial results by activity or club or class. In addition, they need to review financial statements for the total student body on a regular basis. Often the student council treasurer and the bookkeeper will prepare monthly financial statements to present to the council. More formal reports are prepared quarterly and annual reports are often subject to independent audits. The financial statements should include both a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Funds Balance. Other formal financial reports may be required. Some schools need to file not-for-profit reports, sales tax reports, business activity reports, etc., with the local and state agencies.

Audit

Some school systems are required to have an independent audit performed annually on student activity funds. Even without this requirement, student councils would be wise to allocate funds for this purpose. The audit can provide them assurances as to the reasonableness of the financial statements and suggest improvements to internal control systems. Given the turnover in student council and club officers, the handling of significant cash, and potential lack of separation of duties, an independent audit can help safeguard council's assets and protect students and staff from potential problems.

Policies and Procedures

The school board and student council should establish policies and procedures over financial statement preparation and reporting that address:

- budget process, including time lines and affirmation, authorization, review and revisions as needed,
- frequency of financial reporting by activity, group or student body,
- accounting structure to track transactions in enough detail to make good management decisions, and
- annual independent audits.

Internal Controls/Key Control Points

The purpose of an internal control system is to ensure compliance with applicable laws and regulations, maintenance of reliable records for financial and managerial reporting, safeguarding of assets (people, information and equipment/buildings) and promotion of effective and efficient operations. The system of internal controls should encompass the operating environment, identification and mitigation of risks, specific control activities, communication of critical information, and feedback for improvement. Within this system of internal control are key procedures and points that need to be established to meet the control objectives. Listed below are key control points for financial statement preparation and reporting.

Duties and responsibilities are defined and separated. Preparation of financial statements should be defined in job descriptions. Independent audit, analysis at club or class level, and approval by student council help to ensure separation of duties.

Written procedures exist for recording transactions and for identifying receipts and expenditures. Procedures should be written for budgeting and financial statement preparation.

The accounting system provides for accumulating revenues and expenditures for comparison with budget. Financial statements should be prepared to compare actual results against the budget. This can be done against an activity (expected receipts versus actual receipts), against a club or class (need funds versus funds available) or in total against the adopted budget.

Policies are established for controlling expenditures and are established for approving financial transactions and operations and financial reports are available as needed. Financial statements must be prepared on a timely basis to allow for comparisons and corrective action. Analysis of activities should be performed at the completion of, or during the activity. Analysis of clubs and classes should be available monthly and summarized financial results should be part of a monthly student council discussion.

Audit Procedures

A sample internal audit program over financial statement preparation and reporting is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for financial statement preparation and reporting is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Sample Forms

Included at the end of this chapter are financial statement sample forms including Budget Request Form, Student Body Budget, and Club/Class Financial Reports. Blank forms for photocopy and use are provided at the end of this book.

Activity financial reports are provided with the sales, revenues and receivables information. Actual formal financial statements, balance sheet and statement of revenues, expenditures and changes in fund balance is not provided as it is usually a standard format, prescribed by central accounting offices and auditors, and available.

Control Self Assessment

Financial Statement Preparation and Reporting

Control Area	Yes/No	If no, explain how controlled
Do job descriptions or lists of defined duties pertaining to financial statement preparation and reporting requirements exist for: - School Bookkeeper? - Student Treasurer? - Other Student Council Members? - Administrators and Advisors? - Central Office Staff?		
Is an accounting structure in place to allow for sufficient detail for management to make decisions and allow for summarization of detail for reporting purposes?		
Is a process defined for budgeting that establishes time lines, provides detail, and allows for student council and school board approval and revisions as needed? Is the process known by all participants?		
Are budgets reviewed and affirmed by incoming officers of clubs, classes and student body?		
Are financial reports prepared for each activity and reviewed by the student council? If problems are identified, is appropriate action taken?		
Are financial reports made available to each club and class on a regular basis or as needed? Are anomalies identified and corrected on a timely basis?		
Are monthly, quarterly and annual financial reports prepared for the student body? Are these reports compared to budget, approved by the council and corrective action taken as warranted?		
Are annual audits conducted and corrective action taken as required?		

Student Council
Budget Request Form (Sample)

Club or Class: Chess Club

Account Number: 02-00105

Projected Revenues: 1,000

Projected Expenditures: 1,000

Briefly Described Planned Activities:

Chess club will raise money for equipment and for trip to state chess tournament. We expect to hold a candy sale in the fall as our fund raiser.

Prepared by: Baker

Date: March 15, 2001

Student Council Action: Approved

Date: March 22, 2001

Student Council
Student Body Budget (Sample)

Account Number	Title	Beginning Fund Balance	Budgeted Revenues	Budgeted Expenditures	Ending Fund Balance
01-00001	Student Council	10,525	40,000	42,000	8,525
01-00106	Student Store	250	7,500	4,000	3,750
01-00206	Junior Class	0	2,500	2,500	0
02-00105	Chess Club	100	1,000	1,000	100
02-00309	Happy Trails	0	2,500	2,000	500
03-00651	Basketball	567	450	500	517

Approved by: Mike Johnson, President **Date:** March 22, 2001

Approved by: Mr. James, Principal **Date:** March 22, 2001

Student Council
Club/Class Financial Report (Sample)

Club/Class: Happy Trails Account Number: 02-00309

Date	Beginning Fund Bal	Yr-to-date Revenue	Yr-to-date Expend	Yr-to-date Encumb	Ending Fund Bal	Annual Bdgt Rev	Annual Bdgt Exp
9/02	0	500	0	400	100	2,500	2,000
10/02	0	500	400	0	100	2,500	2,000
11/02	0	1,000	500	200	300	2,500	2,000
12/02	0	1,500	800	600	100	2,500	2,000
1/03	0	2,000	1,000	400	600	2,500	2,000

Prepared by: B. Smith Date: 2/5/2003

Other Areas to Address

9

Other areas of activity within a student council may vary by school but are in need of necessary controls, if used. Some of these are recapped below.

Insurance and Security

Insurance coverage over fixed assets was previously discussed. Insurance coverage and bonding should be reviewed for all student-owned assets and student sponsored activities. Serving of food requires certain health permits and adds to the risk of liability. Accidents from athletic activities are not uncommon. Theft can also occur, even when a system of checks and balances is in place.

Security over funds should also be discussed by the student council. Changing safe combinations and re-keying locks should be standard operating procedure. Using a courier system for deposits of having two individuals handle the funds should be required. Access to student-owned assets should be limited.

Donated Funds

Student councils may receive donations from outside individuals or organizations. Before receiving donations the student council should provide for procedures to consider the following issues:

- Donations may be for general student body activities or for a specific purpose. The donor should be asked to submit a letter with the donation indicating how funds are to be issued, for what purpose, and required accountability.
- The student council, principal or school board should acknowledge the donation. If the donation is for use in a fund raiser, such as a raffle, acknowledgment should be referenced with fund raising information.
- A separate account should be established to track donated funds and their use. There may be requirements to track the donation in separate trust funds. Reporting of expenditures should be accomplished as required by the terms.
- Donations should be accepted only for those items that are in the best interest of the student council and are donated for legal and equitable purposes.
- Donated equipment should be reviewed and valued and added to the asset tracking system, where appropriate.

Records Retention

Student council records are subject to retention as they document actions taken and provide documentation for research. Because some records provide historical perspective, they may be kept forever. Other records are subject to the rules and regulations established by local, state and federal authorities. As a general rule, original non-historical records are usually kept six to ten years. Often these can be kept in electronic media such as microfilm or CD-Rom.

Policies and Procedures

The school board and student council should establish policies and procedures that address:

- insurance coverages, bonding and deductibles,
- appropriate security over council assets, including funds,
- process for accepting and tracking donated funds and other assets, and
- records retention requirements for student council records.

Audit Procedures

A sample internal audit program over these other items is included as part of the comprehensive internal audit program in the second part of this book.

Control Self Assessment

A sample control self assessment for other items is included at the end of this chapter. The intent of the self assessment is to provide schools and administrators an opportunity to "self-audit" a part of the student activity funds.

Control Self Assessment

Other Items

Control Area	Yes/No	If no, explain how controlled
Are insurance coverages reviewed periodically for adequacy and updated as needed?		
Are procedures in place to protect council assets from loss or theft?		
Is a courier system or other secured and safe system used to deposit funds?		
Are safe combinations changed and locks re-keyed on a regular basis?		
Is a system in place to accept and account for donated assets?		
Are donations acknowledged and used as intended? Is a report sent to the donor detailing the use of the donation?		
Does the council accept only those donations that are in their best interest, are legal and equitable?		
Is a record retention schedule available and followed pertaining to council records?		
Are historical records adequately safeguarded for future reference?		

Part II: Sample Internal Audit Program

(Name) School
Scope of Internal Audit
Student Activity Funds

Frequency/Days Required

Internal: Annual

Estimated Days Required: 2 days

Auditor Assigned: (name)

Background

(Name) School is one of (Number) schools in the (Name) School District, the others being (Name). (Name) offers a full range of extracurricular activities for numerous clubs and classes. (Name) has an elected student council and takes direction from the school board, superintendent and school principal. In the year (Year), the school's student activity funds generated approximately $ (Amount) in revenues and expended about $ (Amount). They increased/decreased their fund balance at the end of the school year to $ (Amount).

(Name) accounts for all funds deposited at their school, including trust monies. The funds are invested by the district's treasurer and all investment earnings are credited back to (Name) for their use. The general fund pays for all advisors and coaches stipends as well as the bookkeeper's salary and benefits. The school is responsible for any other salaries incurred on behalf of the student body. Accounting records are maintained on a spreadsheet and the school uses cash registers for most sales.

Rules and regulation pertaining to student activity funds are covered under Student Council Bylaws, School Board Policy (Number), District Activity Funds Procedures Manual, State Regulations (Number), and governmental accounting principles. In addition to annual internal audits, (Name) has regular interaction with the District's Business Office and is audited each year by the independent accounting firm of (Name). The Principal assigned to the school is (Name), the bookkeeper is (Name), and the Student Council Advisor is (Name). The school is located at (Address) and their phone number is (Number).

Working Paper Reference

Internal Audit Objectives

To determine that:

- administrative policies and directives are being followed,
- internal control is adequate and effective,
- assets are safeguarded against waste and abuse,
- operations are effective and efficient,
- financial records are complete and accurate, and
- the school complies with legal requirements.

Preliminary Work

☐ Review procedures manual, school board policy, student council bylaws and state regulations. Document any changes.

☐ Review prior internal audit reports and working papers. Document any issues and follow.

☐ Discuss with business office and others, issues or concerns with this school. Document and follow.

☐ Obtain copies of prior year financial statements and most recent two months. Analytically review and list clubs, classes and activities for future testing.

☐ Obtain a copy of all equipment owned by the school for a fixed asset test.

☐ Obtain through purchasing, or vendors, lists of all pre-numbered documents and number series used.

☐ Obtain list of cash balances on hand.

☐ Determine if all records are at school location or at business office for future testing.

General Controls

Student Involvement. The student body should be actively involved in all activities. They should be approving and adopting the budget, have by-laws for themselves and clubs/groups, should keep formal minutes, approve all activities and approve expenditures. Additionally, the council should be receiving financial statements for review and the results of activities and fund raisers they previously approved. In some cases, principals are allowed to act as the student council until one is officially formed:

☐ Review council and club bylaws and constitutions. Determine that they adequately address process, roles and responsibilities.

☐ Examine council minutes to determine level of involvement, frequency of meetings, etc.

☐ Determine if the level of involvement and approval over budgets, activities and expenditures is adequate.

- ☐ Match fund raisers approved to revenue and expenditure section of the audit program.
- ☐ Determine if the school has prepared a self assessment. Review for completeness and results.
- ☐ Review school board policy to determine if student councils are established and if the school board states a philosophy about student funds:
- ☐ Verify that activities are related to educational opportunities.
- ☐ Ascertain that communication flows from school board and central administration to school administration and student councils.
- ☐ Determine if policies address conflicts of interest and required disclosures.
- ☐ Determine if job descriptions are on file and reflect actual duties

Working Paper Reference

Cash and Cash Handling

Cash/Funds On Hand. Monies on hand should be restricted to petty cash and funds for immediate deposit. No other monies should be on hand without the Principal's approval. All deposits should be prepared and waiting courier pick-up or transfer to the bank:

- ☐ Verify all cash on hand (witness count) and reconcile to deposit slips and cash accounted for according to the finance office. Confirm amounts to the general ledger.
- ☐ Review any old funds or other items in safe. Determine if Principal has approved keeping items in safe.
- ☐ Examine all deposits on hand, examine checks for proper signature, stale-dates, cashing personal checks, IOUs, endorsements, etc.
- ☐ Determine if the safe is periodically changed or rekeyed when staff turnover.

Review process for cash receiving:

- ☐ Determine that duties are appropriately separated.
- ☐ Verify that either a cash register or cash receipts are being used.
- ☐ Identify that cash is counted and transferred to the bookkeeper on a timely basis (daily or at the end of each shift)
- ☐ Ensure that the bookkeeper issues receipts for the

transfer of money.

☐ Confirm that if checks are accepted that they are immediately endorsed (look at current checks).

☐ Make sure all receipts identify cash or checks and that the distribution between cash and checks holds through the deposit (receipts are not being used as a change fund nor are personal checks being cashed).

☐ If credit sales are accepted, tie to accounts receivable log and examine method to record payments on account.

For systems using cash receipts:

☐ Verify that the receipt forms are approved by the school, containing the name or logo, and are prenumbered.

☐ Review receipts to verify that all numbers are accounted for and trace receipts and totals to deposits or transfers to the bookkeeper.

☐ Voided receipts should be explained or cross-referenced and originals kept on file.

☐ Signs or postings should tell customers to expect receipts.

☐ If using lock boxes to hold receipts, the keys should be controlled and the funds secured when not in use.

For systems using cash registers:

☐ Review the control over keys.

☐ Verify that a second person or supervisor runs a sales report (Z) to clear out the machine.

☐ Ascertain if backup tapes are retained between audits.

☐ Match the sales tapes to transfers of funds and deposits.

☐ Account for all tape numbers (Z).

☐ Verify that refunds, voids and over-rings are approved and explained.

☐ Determine that cash drawers are secured when not in use.

For investments:

☐ Determine that investments follow guidelines and are properly authorized.

☐ Verify that investment documents are secure.

☐ Trace investment interest to proper accounts.

Revenues and Receipts

Working Paper Reference

Receipts. Cash and checks from extracurricular activities and fund raisers are to be timely processed and deposited. The deposit slips should reflect cash and checks and should reconcile with the receipt book or cash register. The deposits should also agree with the monthly transmittals, the school ledgers and central administration's general ledger:

☐ Evaluate the procedures for receipting funds. Are pre-numbered receipts or cash register tapes used? Account for all numbers over a test period. Are receipts or the cash register being used for every exchange of funds? Do the receipts or cash register indicate cash versus checks? Are funds counted by the person turning-in and verified by the person receipting? Do the count slips clearly indicate the source of funds? Are all voids and refunds properly documented, explained and approved?

☐ Are deposits made on a timely basis? Daily preferred, less often with low volume? Are bank corrections timely reviewed? Are NSF checks promptly followed-up for collection?

☐ Reconcile receipts to school ledgers for posting accuracy. Sample entire months (2-3) for completeness.

☐ Trace all deposits over a test month to the monthly cash transmittal. Verify accuracy. Trace monthly transmittal to general ledger report, identify differences and reconcile to local ledgers, including transfers and interest.

☐ Determine if gate receipt reports, or something similar, are being used to identify receipt of funds for an admission-charged activity.

☐ Reconcile beginning and ending ticket numbers, trace to ticket log and recalculate expected deposits. Determine if appropriate investigation of losses and notification of key staff was made. Determine if control over unused ticket stock is adequate.

☐ Review the number accountability over bus passes and activity card sales. Test procedures in place to insure all are accounted for and receipts have been deposited.

Fund Raisers, including inventory and student stores. Fund raisers are activities conducted and approved by the student council. The fund raisers result

Working Paper Reference

in earned money that must be used for student approved purposes. Fund raisers are subject to student council approval and good accountability, with estimated revenues on one-time activities and inventories for on-going events:

- ☐ Examine fund raiser reconciliation procedures. Recalculate losses and gains from fund raisers and determine the investigation and follow-up by the school. If reconciliations do not exist, create profit and loss statements, based on expected sales using purchase orders, expected mark-ups and deposits.
- ☐ Determine that the extent of prizes awarded for fund raisers is appropriate.
- ☐ Evaluate the reasonableness of the length of time for the fund raiser and the scheduling of multiple fund raisers by the student council.
- ☐ Determine if selling prices are adequately marked-up based on purchase prices.
- ☐ Calculate the expected gross profit based on sampled purchases, posted prices and planned mark-ups.
- ☐ Verify that products or funds lost by students are tracked and turned over for collection or that student fines are recorded.
- ☐ Examine the reasonableness of returns to the vendor and mark-downs or clearance items.
- ☐ Reconcile cash received to bank deposits, to journal entries, and to subsidiary and general ledgers.
- ☐ Determine that all activities and events are properly approved and that key school staff are notified (bookkeeper, custodial, security).
- ☐ Verify that all sales use pre-numbered documents and all documents are accounted for, and that cash registers are used where possible.
- ☐ Determine if duties are properly separated, such as the receipting funds and writing receipts, or making deposits and posting to financials.
- ☐ If credit sales are allowed, confirm receivables. Trace sales to receivables and verify customer payments on account.
- ☐ Verify sales tax collections and reports.
- ☐ Recalculate commissions on contracts and verify to independent sales information, such as meters for vending machines.
- ☐ Examine controls over sales of yearbooks and handling of surplus or prior year sales.
- ☐ Test process of transferring money on a timely

Working Paper Reference

basis by examining the inventory issue - sale - receipt - transferring funds - deposit - posting - financial statement cycle.

☐ Examine receipts to determine if they are properly prepared and to determine if they reflect enough information to properly account for receipts by activity.

☐ Review fund raising activities for parental approval, if required.

For activities requiring admission, verify the controls over the following:

☐ Ticket stock is pre-numbered and safeguarded.

☐ Gate receipt reports are created for each activity and the reports indicate the ticket numbers issued and reconcile to the monies collected.

☐ A ticket log exists to control all tickets and traces to gate receipt reports.

Ascertain if raffles and auctions are allowed, if so:

☐ Determine if the events follow local, state and school board regulations.

☐ Verify that tickets are numbered, with stubs, disclose the prize, and any of the rules.

☐ Review auction sheets and advertisement to verify that all disclosures were made, bid close outs were followed and independent verification of auction receipts was made and compared against actual receipts.

Expenditures and Disbursements

Student council expenditures are normally subject to the same rules as are departments within the general fund:

☐ Evaluate the preparation of requisitions and withdrawal forms. Review for proper approval and separation of duties. If an online requisition is used, examine steps to insure adequate supervisory review and separation of duties.

☐ Determine that items purchased meet requirements of student body.

☐ Determine if the purchase would be better served by the general fund.

☐ Review purchases for compliance with federal, state, local, and school board contract and bid laws. Be cognizant of splitting orders to avoid form or legal limits. Review the number of orders issued on a confirming basis to determine if appropriate.

- ☐ Test consultant or contractual services forms to determine employee versus independent contractor and to test for prior approval. Ascertain that deliverables are defined and received prior to payment.
- ☐ Review procedures in place to prohibit or prevent duplicate payments. Determine if credit memos and refunds are properly handled.
- ☐ Determine that petty cash is restricted in use as to amount and that timely reconciliations and reimbursements are made. Reconcile checking accounts to bank statements and match checking account and petty cash balances to general ledger. Determine that unused and voided check stock is safeguarded.
- ☐ Trace expenditures to school ledgers and central administration's general ledgers.
- ☐ Determine that purchases are appropriately pre-approved by the student council.
- ☐ Review area for receiving goods for security and limited access. Verify that goods are independently verified and received.

Review the purchase order process for operating efficiencies and effective controls:

- ☐ Verify that orders are pre-numbered and accounted for in sequence.
- ☐ If petty cash usage is encouraged for small dollar purchases, test cash receipt paid-outs for documentation.
- ☐ Examine procurement cards or debit cards that are in place and the systems created to ensure that all purchases are identified to the correct account, properly approved, and documented, and that the cards are adequately safeguarded.
- ☐ Review documentation of locally approved, by school, purchase orders that may be allowed for items larger than petty cash, but not subjected to formal bidding or contracting.

Review the school's checking account for appropriate controls:

- ☐ Verify that checks are pre-numbered.
- ☐ Ensure that checks made payable to cash are not allowed or are independently reviewed.

☐ Confirm that checks are signed only after completed, and that no blank checks are signed. Review canceled checks for authorized signature and appropriate endorsements and that checks are signed by approved individuals.

☐ Verify that all checks are supported with adequate documentation and approved by the student council.

☐ Scrutinize outstanding checks, determine reason and course of action.

Review the accounts payable process for adequate controls:

☐ Test verification of invoice calculations.

☐ Review invoices cancellation upon payment, to prevent duplicate. Payments should be made against original invoices only, not statements.

☐ Examine for unrecorded liabilities.

☐ Review activity in trust accounts. Ensure that expenditures comply with trust agreements.

☐ Determine if functions of purchasing, receiving and accounting are adequately separated.

☐ Verify that checks written to establish a change fund are identified and change funds are accounted for upon re-deposit.

Inventories and Equipment

Inventory. student councils maintain inventory over goods held for resale. The goods are either for one-time sale or on-going sale, such as in student stores.

☐ Check the reasonableness of inventory on hand for both one-time sales and on-going events.

☐ Examine ordering processes for on-going events for quantities ordered (EOQ) and rotation of stock.

☐ Look at inventory turnover and identification of slow moving or obsolete items for reasonableness.

☐ Review book inventory records and prior physical inventories. Judge the significance of excessive losses or write-offs.

☐ Evaluate control over stores and inventorying procedures. Note that stores may include classrooms selling pencils or formal stores selling snacks and apparel. Review inventory process and investigation of normal and abnormal shrinkage.

For inventory for on-going sales:

- ☐ Establish cut off for sales and inventory for audit purposes.
- ☐ Conduct physical inventory, or independently verify physical inventory of merchandise.
- ☐ Close out cash register, or indicate the last cash receipt number count or verify cash receipts.
- ☐ Reconcile inventory and investigate variances.

For inventory for one-time sales:

- ☐ Verify that inventory for resale is tracked and assigned to staff or students.
- ☐ Determine that inventory is appropriately safeguarded.
- ☐ Test check-in and check-out sheets to receipts, student fines, and returns to vendors.

Equipment. Student councils retain title to some equipment such as computers, cash registers, popcorn machines, etc. Determine that the ASB maintains adequate control over its equipment:

- ☐ Verify that the equipment is properly recorded and identified in District records.
- ☐ Determine that equipment is identified as belonging to students and warranties, if any, are on file
- ☐ Test calculations and recording of the depreciation schedule, if required.

Financial Statements

- ☐ Determine if budgets are on file for the student council and clubs and classes and have been properly approved.
- ☐ Verify that budgets have been reaffirmed by the incoming student council.
- ☐ Test budgets against recorded appropriations.
- ☐ Examine financial statements for past performance and accuracy. Trace to source documents and subsidiary ledgers.
- ☐ Determine that transfers between accounts and that new and closed accounts have been properly authorized.
- ☐ Review for club or class deficits and ascertain reasons.
- ☐ Ensure that financial statements are reviewed by the student council and include statements for fund raisers, on-going activities, clubs and classes, and overall student council.

☐ Verify that actual results are compared against budget or projected amounts.

Working Paper Reference

Other

Boosters and PTAs. Examine booster and PTA fund raisers through review of newsletters, donations, etc. to verify that the fund raisers are the responsibility of the group — they order, sell, collect and deposit.

Donations. Examine the donations received from private groups to ensure that they are properly identified and accounted for, and safeguarded. Determine if the donations are in compliance with laws (student use, Title IX, etc.).

Payroll. Review payroll reporting process. Test from payroll lists all employees assigned to school to ensure they are working at that location.

Record retention. Test record retention compliance.

☐ Review insurance policies and self insurance reserves for adequacy.

☐ Tour facilities to determine if they promote the safeguarding of assets.

Summary

☐ Discuss the results of the internal audit with the student council, principal, bookkeeper and advisors.

☐ Update working papers.

☐ Issue report with corrective action plan.

☐ Schedule follow-up audit, if necessary.

Schedule follow-up audit, if necessary.

Number Register
(To Verify Number Continuity)

Subject ____________________ Date ____________________

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Cash Counts

School ____________ Custodian ________________ Activity __________

Checks: ________________________________

____

____

____

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________________________________ ________________

Currency:	100's	______	@ $100	______________
	50's	______	@ $ 50	______________
	20's	______	@ $ 20	______________
	10's	______	@ $ 10	______________
	5's	______	@ $ 5	______________
	2's	______	@ $ 2	______________
	1's	______	@ $ 1	______________
Coins:	Rolls	______		______________
	2.00	______	@ $2.00	______________
	1.00	______	@ $1.00	______________
	.50	______	@ $ .50	______________
	.25	______	@ $ .25	______________
	.10	______	@ $ .10	______________
	.05	______	@ $ .05	______________
	.01	______	@ $ .01	______________

Other (Paid outs, etc.) ________________ ______________

________________ ______________

________________ ______________

________________ ______________

________________ ______________

Total Cash on Hand ______________

Agrees with General Ledger? ______

Auditor: ________________ Date: ______________

Student Store Reconciliation

Item	Open	Purchases	Ending	Sales	Price	Value

Total Expected Sales ______________
Total Sales Deposited ______________
Over/Short Variance ______________

Explanations: ____
____
____
____

Auditor: ____________________ Date: ____________________

Fund Raiser Reconciliation

Club/Class: ____________________ Type of Fund Raiser: ____________

Advisor: ______________________ Dates: __________________________

	Quantity	Cost
Items Purchased for Resale		
Any Items Carried from Previous Sale		
Items on Hand or Returned		
Items Available for Sale		

Expected Sales from Items ______________________

Actual Deposits from Sales ______________________

Over or Short Variance ______________________

Explanation of Variance: ____

Auditor: ____________________________ Date: _______________

Bank Reconciliation

Bank: ____________________ Account Number: ________________

Balance Per Bank (As of ______): ______________________________

Plus Deposits in Transit ____________ ______________________________
____________ ______________________________

Less Outstanding Checks ____________ ______________________________
____________ ______________________________
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____________ ______________________________

Other ____________ ______________________________

Adjusted Bank Balance* ______________________________

Balance Per Books (As of ______): ______________________________

Book Adjustments: ____________ ______________________________
____________ ______________________________

Adjusted Book Balance* ______________________________

Transmittals in Transit ____________ ______________________________
____________ ______________________________

Plus Cash Funds: ____________ ______________________________

Balance per General Ledger ______________________________

Auditor: ________________________ Date: ____________

Disposition of Prior Audit Findings

Prior Internal and External Audit Issues	Current Status

Miscellaneous Worksheet

Part III: Blank Forms

Student Council Meeting
Minutes Worksheet (Sample)
Student Governance

Date and Time of Meeting:____________________ Location of Meeting:________________

Purpose of Meeting:_________________________

Called to Order by:__________________________ Time:____________________________

Role Call

Present:____

Absent:____

Agenda Adoption Moved by:__________________ Seconded by:______________________

Approval of Prior Minutes Moved by:___________ Seconded by:______________________

Reports:

President

Treasurer (including Financial Statements)

Secretary

Other Officers

Approval of Council Reports Moved by:_________ Seconded by:______________________

Club and Class Reports:

Other Action Taken:____

____

Approved/Denied:____________________________________

Moved/Seconded:____________________________________

Other Action Taken:____

____

Approved/Denied:____________________________________

Moved/Seconded:____________________________________

Adjournment Moved by:______________________ Seconded by:______________________

Time Adjourned:____________________________ Prepared by:______________________

Student Council
Request to Form a New Club (Sample)
Student Governance

Name of Club: ____________________

Purpose of Club: ____________________

Charter/By-Laws Attached: Yes ________ No ________

Sponsor: ____________________

Initial Members: ____________________

Student Council Meeting Date: ____________________

Approved by: ____________________

Approved by: ____________________

Approved by: ____________________

Approved by: ____________________

Approved by: ____________________

Approved or Denied: ____________________

Notification Sent to Club Sponsor (Date): ____________________

- -

Memo - Assigned Account Number ____________________

Student Council
Request to Transfer Funds (Sample)

Requested by: ______________________ Date of Request: ________________

Reason for Transfer: ____

____

Transfer From			Transfer To		
Account Title	**Account Number**	**Amount**	**Account Title**	**Account Number**	**Amount**

Approved by: ___________________________ Date: _______________

Approved by: ___________________________ Date: _______________

Approved by: ___________________________ Date: _______________

Student Council
Request for Change Fund (Sample)

Requested by: ______________________________

Date requested: ______________________________

Purpose of request: ____
____

Amount requested: ____________________________

Denominations: ____
____

Approved by: __________________________ Date: ________________

Approved by: __________________________ Date: ________________

Approved by: __________________________ Date: ________________

Approved by: __________________________ Date: ________________

- -

Check number: ________________________ Date: ________________

Cash (Denomination): ____
____

Received by: __________________________ Date: ________________

- -

Date returned: ________________________

Amount returned: ______________________

Received by: __________________________

Deposited: ____________________________

Student Council
Fund Transfer Slip (Sample)

Date: ______________________________

Activity (Source of Funds): ______________________________

Account: ______________________________

Credit Card Sales: ______________

Checks (please list): ______________________________

____

____

____

______________________________ ______________

Cash:	______________	@ $100.00	______________
	______________	@ $ 50.00	______________
	______________	@ $ 20.00	______________
	______________	@ $ 10.00	______________
	______________	@ $ 5.00	______________
	______________	@ $ 2.00	______________
	______________	@ $ 1.00	______________
	______________	Rolled Coin	______________
	______________	@ $ 2.00	______________
	______________	@ $ 1.00	______________
	______________	@ $ .50	______________
	______________	@ $ .25	______________
	______________	@ $ .10	______________
	______________	@ $ .05	______________
	______________	@ $ .01	______________

Total Transferred ______________

Reference Receipt Numbers: ________ to ________

Date Received: ______________________________

Received by: ______________________________

Student Council
Receipt (Sample)

001

Date: ____________

Received from: ________________________________ $ ____________

____ Dollars

For: ____

____

____

____

Council Account Number: ______________

Cash: ____________
Check: ____________

Student Council
Receipt Book Log (Sample)

Receipt Book Numbers	Checked Out to		Date	Numbers Returned	Received by		Date
	Name	Signature			Name	Signature	

Student Council
Shift Check Out

Activity: ______________________ Account: ______________________

Date: ______________________ Shift: ______________________

Credit card sales: ______________

Checks (please list): ______________________

______________________ ______________

Cash: ______________________ @ $100.00 ______________

______________________ @ $ 50.00 ______________

______________________ @ $ 20.00 ______________

______________________ @ $ 10.00 ______________

______________________ @ $ 5.00 ______________

______________________ @ $ 2.00 ______________

______________________ @ $ 1.00 ______________

______________________ Rolled Coin ______________

______________________ @ $ 2.00 ______________

______________________ @ $ 1.00 ______________

______________________ @ $ .50 ______________

______________________ @ $ .25 ______________

______________________ @ $ .10 ______________

______________________ @ $ .05 ______________

______________________ @ $ .01 ______________

Total Cash and Checks ______________

Less Starting Change Fund ______________

Deposit/Transfer Amount: ______________

Reference Receipt Numbers: __________ to __________

Or Cash Register Tape Number (attached): __________

Counted by: ______________________ Verified by: ______________

- -

Date Deposited: ______________________ Initials: ______________

Student Council
Bank Reconciliation (Sample)

Month Ending: ____________________ Bank and Account Number: ________________

Balance Per Bank Statement: ________________________________

Plus Deposits In Transit: _____ _____
_____ _____ ________________________________

Less Outstanding Checks:

Number	Amount
_________	_____________
_________	_____________
_________	_____________
_________	_____________

____

Corrections to Bank Statement: ________________________________

Adjusted Bank Balance*: ________________________________

Balance Per Books: ________________________________

Adjustments/Corrections: ________ ________________________________

Adjusted Book Balance*: ________________________________

* Must Agree

Adjusted Book Balance: ________________________________

Adjustments for General Ledger: _________ ________________________________

General Ledger Balance: ________________________________

Prepared by: ________________________ Date: ___________________________

Approved by: ________________________ Date: ___________________________

Student Council
Request for Activity (Sample)

Name of Club/Class/Account: ____________ Date: ______________________

Submitted by: ______________________ Title: ______________________

Advisor: ______________________

Description of Activity: (include purpose, date and beneficiary), if fund raiser attached supplement

Amount of Funds requested, if any: ________ Source of Funds: ______________

Repayment Plans, if any: ______________________________

Names of Adult Supervisors at Activity (chaperones, custodians, etc.):

- -

Approved/Not Approved: ______________ Motion: ______________________

Council Minutes Dated: ______________ Seconded: ______________________

ASB President: ______________________ ASB Secretary: ______________________

Principal/Designee: ______________________ Bookkeeper: ______________________

- -

Activity: ______________________ Date Scheduled: ______________________

Route to: ______________________ ______________________

Student Council
Request for Activity
Supplement for Fund Raiser (Sample)

Name of Club/Class/Account: ____________ Date: ________________________________

Description of Fund Raiser: (include purpose, date proposed, participants, product or service sold, proposed vendor, and proposed use of proceeds)

____

____

____

____

____

Expected Sales: ________________________

Expected Costs: ________________________

Expected Profit: ________________________

Student Council
Gate Receipt Report
Page One (Sample)

Date: ____________________ Activity: ____________________

Ticket Description: __________
Next Ticket Available: ________
First Ticket Sold: __________
Total Tickets Sold: __________ Ticket Price: ________ Ticket Sales Value: ________

Ticket Description: __________
Next Ticket Available: ________
First Ticket Sold: __________
Total Tickets Sold: __________ Ticket Price: ________ Ticket Sales Value: ________

Ticket Description: __________
Next Ticket Available: ________
First Ticket Sold: __________
Total Tickets Sold: __________ Ticket Price: ________ Ticket Sales Value: ________

Ticket Description: __________
Next Ticket Available: ________
First Ticket Sold: __________
Total Tickets Sold: __________ Ticket Price: ________ Ticket Sales Value: ________

Total Ticket Value: ________

Total Ticket Value: ____________________
Total Cash Out (Page Two): ____________________
Variance (Over) or Short: ____________________

Explanations: ____
____
____

Seller: ____________________
Cashier: ____________________
Verified by: ____________________ Receipt Number: ____________________
Principal/Designee: ____________________ Bookkeeper: ____________________

- -

Account Number: ____________________ Posted to Ticket Check Out: __________

Student Council
Gate Receipt Report
Page Two (Sample)

Activity: ____________________ Date: ____________________

Credit card sales: ____________

Checks (please list): ____________________

Cash:
@ $100.00 ____________
@ $ 50.00 ____________
@ $ 20.00 ____________
@ $ 10.00 ____________
@ $ 5.00 ____________
@ $ 2.00 ____________
@ $ 1.00 ____________

Rolled Coin ____________

@ $ 2.00 ____________
@ $ 1.00 ____________
@ $ .50 ____________
@ $ .25 ____________
@ $ .10 ____________
@ $ .05 ____________
@ $ .01 ____________

Total Cash and Checks ____________

Less Starting Change Fund ____________

Receipts (To Page One): ____________

- -

Counted by: ____________________ Verified: ____________

Student Council
Ticket Check Out (Sample)

Description: ______________________________

Series: ______________________________

Date	Issued To	Initials	Numbers Issued	Returned	Initials	Used

Student Council
Parental Permission to Participate (Sample)

I, ______________________________, grant permission for ______________
to participate in the following fund raiser:

__________________________ by the ____________________________
during _______________________ for the purpose of ________________
____
____

I understand that all sales become the property of the club or class noted above and are used to further their activities. I also understand that my son/daughter/child is responsible for returning unsold merchandise and all monies collected and that I may be held liable for any missing items or monies.

__________________________ __________________________
Parent/guardian Date

- -

Student Council
Store Shift Close Out (Sample)

Activity: ____________________ Name: ____________________
Date: ____________________ Shift: ____________________

Credit ____________________
Sales: ____________________ ______________

Checks: ____________________
____
____
____________________ ______________

Currency:	100's	______	@ $100	______________
	50's	______	@ $ 50	______________
	20's	______	@ $ 20	______________
	10's	______	@ $ 10	______________
	5's	______	@ $ 5	______________
	2's	______	@ $ 2	______________
	1's	______	@ $ 1	______________
Coin:	Rolls	______		______________
	2.00	______	@ $ 2.00	______________
	1.00	______	@ $ 1.00	______________
	.50	______	@ $ .50	______________
	.25	______	@ $ .25	______________
	.10	______	@ $ .10	______________
	.05	______	@ $ .05	______________
	.01	______	@ $ .01	______________

Less Refunds and Voids ______________

Total Funds ______________

Less Cash Paid-outs, Starting Funds, and Non Cash Sales (credit) ______________

Total Transmitted for Deposit ______________

Receipt Numbers/Z-Tape Number ____________________

Accepted by Bookkeeper: ______________________________

Student Council
Store Sales Transmittal Report (Sample)

Date: ______________ Account: ____________________

	Shift__	Shift__	Shift__	Shift__	Total
Credit Sales					
Checks					
Cash					
Less Refunds/ Voids					
Total Sales					
Taxes					
Net Sales					

Received by: ______________________________ Date: __________________

Student Council
Store Physical Inventory (Sample)

Description	Sell Price	Quantity	Total

Date of Inventory: ______________

Conducted by: ______________

Student Council
Store Inventory Reconciliation (Sample)

Period: ____________________

Item	Open	Purchases	Ending	Sales	Price	Value

Total Expected Sales: ____________________

Total Credit Sales and Deposits: ____________________

Over/Short Variance (explain): ____________________

____

____

____

____

Prepared by: ____________________ Date: ____________________

Student Council
Store Markdown Approvals (Sample)

Item	Orig Price	New Price	Reason	Date and Approval

Student Council
Store Profit and Loss Statement (Sample)

Period: ______________________

Gross Sales: ____

Less Sales Tax: ____

Net Sales: ____

Cost of Goods Sold:* ____________________________________

Gross Profit: ____

Other Expenses:

Net Profit: ____

* Calculated from:

(1) Perpetual records, adjusted for physical
(2) Periodic as Beginning Inventory + Purchases - Ending Inventory

Prepared by: _________________________ Date: __________

Approved by: _________________________ Date: __________

Presented to Student Council: _________________________________

Student Council
Merchandise Sales Control (Sample)

Items: ________________ Selling Price: ______________ Period of Sale: __________

Date	Student	Initials	Issue	Return*	Sold	$ Rec'd*	Advisor	Office*
Totals								

* Attach list of students with outstanding merchandise or money or report on student fine report
* Office receipts for each sale or in total attached to this form.

Student Council
Merchandise Sales Profit and Loss (Sample)

Club/Class: ______________________ Account Number: ____________________

Item Sold: ______________________ Period of Sale: ____________________

	Quantity	in Dollars
Beginning Inventory, at Cost		
Plus Purchases, at Cost		
Less Returns to Vendor, at Cost		
Adjustments, at Cost (Free Goods, etc.)		
Less Ending Inventory, at Cost		
Available for Sale, at Cost		
Projected Sales, at Sell Price		
Deposited Sales		
Variance - (Over) Short		

Explanation of variances: ____

Prepared by: ______________________ Date: ____________________

Approved by: ______________________ Date: ____________________

Presented to Student Council: ____________________________________

Student Council
Student Fine Report (Sample)

Please issue a student fine for the following students:

Name	Amount	Reason

Prepared by: ______________________ Date: ______________________

Fine Recorded: ______________________ Date: ______________________

Student Council
Requisition (Sample)

Name of Club/Class/Account: ____________ Date: ______________________________

Submitted by: _________________________ Title: ______________________________

Advisor: _____________________________

Description of Goods or Services to be Purchased: (include purpose, date and beneficiary), if fund raiser attached supplement

____

____

____

____

Amount of Funds requested, if any: ________ Source of Funds: ____________________

Repayment Plans, if any: ____

____

Names of Adult Supervisors at Activity (chaperones, custodians, etc.):

____

____

____

- -

Approved/Not Approved: _______________ Motion: _____________________________

Council Minutes Dated: ________________ Seconded: ___________________________

ASB President: ________________________ ASB Secretary: ______________________

Principal/Designee: ____________________ Bookkeeper: _________________________

- -

Activity: _____________________________ Date Scheduled: _____________________

Route to: _____________________________ ______________________________________

_____________________________ ______________________________________

154

Number 0001

Student Council
Purchase Order (Sample)

Date: ______________________

Club/Class Account Number: ______________________

Vendor: ______________________

____

____

____

Bill/Ship to: ______________________

____

____

____

Units	Measure	Description	Unit Price	Extended Price

- -

Number 0001

Student Council
Service Order (Sample)

Date: ______________________ Club/Class Account Number: ________________

Vendor: ____________________ Bill/Ship to: ____________________________

Business Identification #: __________ Vendor Signature: ______________________

Service to be Performed: ____

Date of Service: ______________

Fee: ______________________ Terms of Payment: ______________________

Serviced Verified by: ____________ Date: ______________________________

- -

Student Council
Receiving Report (Sample)

Number 00001

Date Ordered: ____________

Club/Class Account Number: ____________

Vendor: ____________
____
____

Bill/Ship to: ____________
____
____

Units	Measure	Description	Number Received	Condition

Date Received: ____________

Received by: ____________

Number 00001

Student Council
Petty Cash Voucher (Sample)

Date: ______________________ Amount: ____________________________

Club/Class Account Number: ______________

Item Purchased: ____
____
____
____
____

Approved by: _________________ Received by: ________________________

Student Council
Petty Cash Reconciliation (Sample)

Date: ______________________ Account: ______________________

Cash: ______________________

@ $100.00 __________
@ $ 50.00 __________
@ $ 20.00 __________
@ $ 10.00 __________
@ $ 5.00 __________
@ $ 2.00 __________
@ $ 1.00 __________

Rolled Coin __________
@ $ 2.00 __________
@ $ 1.00 __________
@ $ .50 __________
@ $ .25 __________
@ $ .10 __________
@ $ .05 __________
@ $ .01 __________

Total Cash __________

Reimbursements in Transmittal ______________ __________

Vouchers, Not Reimbursed ______________ __________

Total __________

Prepared by: ______________________ Verified by: ______________

Student Council
Petty Cash Reimbursement (Sample)

Date: ______________________

Number	Date	Description	Account	Amount

Total to be Reimbursed ________

Prepared by: ______________________ Approved by: ______________________

Student Council
Physical Inventory (Sample)

Date: ______________________ Activity: ______________________

Item	Count	Sell Price/Cost	Extension

Total: __________

Prepared by: ______________________ Approved by: ______________________

Student Council
Perpetual Inventory Card (Sample)

Item: ______________________ Unit: ______________________

Date	Description	In	Out	Balance

Student Council
Inventory Reconciliation - Periodic (Sample)

Date: ____________________ Activity: ____________________

Description	At Retail	At Cost
Beginning Inventory as of , at Cost		
Purchases, at Cost		
Goods Available for Sale, at Cost		
Sales, at Retail		
Sales Markdowns, at Retail		
Sales Markups, at Retail		
Adjusted Sales, at Retail and Cost		
Calculated Inventory as of , at Cost		
Physical Inventory as of , at Cost		
Variance - Over (Short), at Cost		

Explanation:

Prepared by: ____________________ Approved by: ____________________

Submitted to Student Council: ____________________

Student Council
Inventory Variance Report (Sample)

Date: ____________________ Activity: ____________________

Item	Physical	Book	Diff	Cost	Extension

Total: ____________

Explanation: ____

____

Prepared by: ____________________ Approved by: ____________________

Submitted to Student Council: ________________________________

Student Council
Equipment and Furniture Listing (Sample)

Bar Code Number	Description	Serial Number	Model Number	Date of Purch	Cost	Owner	Loc	Cond

Last Update: ______________ Updated by: ____________ Approved by: ____________

Student Council
Depreciation Schedule (Sample)

Bar Code Number	Desc	Date of Purch	Exp Life	Cost	Salv Val	Dep Base	Dep to Date	Cur Dep	Tot Dep	Net Value

Last Update: ______________ Updated by: ___________ Approved by: ____________

Student Council
Budget Request Form (Sample)

Club or Class: ______________________ Account Number: ______________________

Projected Revenues: ______________________
Projected Expenditures: ______________________

Briefly Described Planned Activities: ____
____
____
____
____
____

Prepared by: ______________________ Date: ______________________

Student Council Action: ______________________ Date: ______________________

Student Council
Student Body Budget (Sample)

Account Number	Title	Beginning Fund Balance	Budgeted Revenues	Budgeted Expenditures	Ending Fund Balance

Approved by: ______________________ Date: ______________________

Approved by: ______________________ Date: ______________________

Student Council
Club/Class Financial Report (Sample)

Club/Class: ______________________________ Account Number: ______________________

Date	Beginning Fund Bal	Yr-to-date Revenue	Yr-to-date Expend	Yr-to-date Encumb	Ending Fund Bal	Annual Bdgt Rev	Annual Bdgt Exp

Prepared by: _____________________________ Date: _________________________________

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